PROPOSED ELIGIBILITY OF THE PEOPLE'S REPUBLIC OF CHINA FOR PARTICIPATION IN THE FOOD FOR PEACE PROGRAM

HEARING

BEFORE THE

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY UNITED STATES SENATE

NINETY-SEVENTH CONGRESS

SECOND SESSION

ON

S. 2227

TO AMEND THE FOREIGN ASSISTANCE ACT OF 1961 AND THE ARMS EXPORT CONTROL ACT, TO AUTHORIZE ADDITIONAL SECURITY AND DEVELOPMENT ASSISTANCE PROGRAMS FOR FISCAL YEARS 1983 AND 1984, AND FOR OTHER PURPOSES. (INTERNATIONAL SECURITY AND DEVELOPMENT COOPERATION ACT OF 1982)

MAY 3, 1982

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PROPOSED ELIGIBILITY OF THE PEOPLE'S REPUBLIC OF CHINA FOR PARTICIPATION IN THE FOOD FOR PEACE PROGRAM

MONDAY, MAY 3, 1982

U.S. SENATE,
COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY,
Washington, D.C.

The committee met, pursuant to notice, at 10:10 a.m., in room 324, Russell Senate Office Building, Hon. Jesse Helms (chairman of the committee) presiding.

Present: Senators Helms and Hayakawa.

STATEMENT OF HON. JESSE HELMS, A U.S. SENATOR FROM NORTH CAROLINA

The CHAIRMAN. The committee will come to order.

Today, the Senate Committee on Agriculture, Nutrition, and Forestry will hear testimony concerning an amendment to the Agricultural Trade Development and Assistance Act of 1954, better known as Public Law 480. As a matter of fact, I never hear it called anything but that. Legislation affecting Public Law 480 is the responsibility of this committee. In fact, Public Law 480 matters are considered of such importance that they are reserved for review by the full committee. We do not assign this particular subject to any subcommittee.

The proposed amendment in S. 2227 would designate the People's Republic of China—Red China—as a friendly country, eligible for Public Law 480 sales agreements and food aid. I think it will surprise no one that I have serious reservations about the propriety of this designation for Communist China, or for that matter, any increase in foreign assistance, at a time when domestic programs are being reduced drastically in order to decrease budget deficits.

Now, a number of questions come to mind, and we will get into those as we move along, such as: Should concessional food sales and aid be made available to China? Is the People's Republic of China in need of developmental assistance, and if so, should the United States provide it? And, of course, the inevitable question, to what degree will U.S. relations with Taiwan be affected by providing such assistance to the People's Republic of China.

Now, as I say, these are just some of the questions that I believe the committee has a duty to probe before it can accurately evaluate the merits of this proposal.

I realize that China is a large cash customer for U.S. agricultural commodities. I am glad of that; I am hopeful that China will con-

tinue to look upon the United States as a reliable and quality supplier of food and fiber to meet its needs—provided we do not give it away. Since China has been a good cash customer, I am uncertain why Public Law 480 assistance would be justified.

[Section 108(b) of S. 2227 was referred to the Committee on Agriculture, Nutrition, and Forestry for consideration. That section of the bill follows:]

[S. 2227, 97th Cong., 2d sess.]

* * * * * * *

PROHIBITIONS AGAINST ASSISTANCE TO THE PEOPLE'S REPUBLIC OF CHINA

SEC. 108. (a) * * *

(b) The Agricultural Trade Development and Assistance Act of 1954 is amended by adding a new section 414 to read as follows:

"SEC. 414. Notwithstanding any other provision of this Act, the People's Republic of China shall be considered to be a friendly country eligible to enter into sales agreements under title I of this Act and to receive assistance under title II of this Act.".

* * * * * * *

Senator HELMS. Now, I would mention for the record that testimony was submitted by William Dishman, a wheat farmer in Idaho, who questions the need for making the People's Republic of China eligible for Public Law 480 title I sales assistance because of the magnitude of its current cash sales. It is a rather remarkable statement by this farmer in Idaho, whom I do not know—his statement just came in the mail.

And, Mr. Secretary, I am going to suggest that you look it over at the appropriate time and give me your assessment of it.[1]

We welcome Mr. Thomas P. Shoesmith, who is Deputy Assistant Secretary of East Asian and Pacific Affairs at the State Department, and I also welcome my distinguished colleague from California, Mr. Hayakawa.

Senator HAYAKAWA. Good morning, Mr. Chairman.

The CHAIRMAN. Did you have a nice weekend?

Senator HAYAKAWA. Sure did.

The CHAIRMAN. Good.

Mr. Shoesmith, if you have a statement, you may proceed. We will be pleased to receive your testimony.

STATEMENT OF HON. THOMAS P. SHOESMITH, DEPUTY ASSISTANT SECRETARY FOR EAST ASIAN AND PACIFIC AFFAIRS, U.S. DEPARTMENT OF STATE

Mr. SHOESMITH. Thank you very much, Mr. Chairman. I do have a brief opening statement, which I believe will touch on some of the questions, but not all of the questions which you have just raised.

I am very pleased, Mr. Chairman, to be able to appear before you and your committee this morning in support of section 108(b) of the International Security and Development Cooperation Act of 1982, S. 2227. Section 108(b) would amend the Agricultural Development and Assistance Act of 1954, Public Law 480, to designate China as a

[1] See p. 42 for the statement of Mr. Dishman and p. 43 for Deputy Assistant Secretary Shoesmith's assessment.

friendly country eligible to enter into sales agreements under title I and to receive assistance under title II of the act.

The law at present is unclear concerning whether China may be designated as a friendly country. The definition of "friendly countries" included in section 103(d) does not appear to us to bar China from eligibility. However, the legislative history accompanying the Food for Peace Act of 1966 mentions China and the Soviet Union as countries ineligible for designation as friendly countries.

In order to resolve this ambiguity, the Secretary wrote to you, Mr. Chairman, on January 4, requesting concurrence in the administration's view that China was not barred from designation as a friendly country so long as the executive branch was able to determine that China satisfied the criteria set forth in the statute. Your reply, Mr. Chairman, of March 2 expressed the opinion that if the administration wished China to be made eligible for participation in the Public Law 480 program, a legislative amendment should be submitted. Accordingly, we have included section 108(b) in S. 2227 in order to remove any ambiguity which may exist concerning China's eligibility.

As we have previously stated, the administration is not proposing the initiation of a Public Law 480 program for China. We do not plan to request any additional funds for China as a result of the proposed amendment. Nevertheless, the administration attaches considerable importance to this legislative change.

Normalization of relations between the United States and China and the growing strategic relationship between our two nations has contributed significantly to the advancement of our major national interests. Once regarded as an implacable enemy, China is now a nation with which we have friendly relations. Although not an ally of the United States, China shares many of our important strategic concerns. China, like the United States, is deeply concerned about the continued Soviet aggression in Afghanistan, Soviet domination in Vietnam, and the Soviet-backed occupation of Kampuchea. This concurrence of interests has led to a cooperative relationship which has meshed well with our existing alliances and security relationships in East Asia and Europe, and has substantially improved our strategic posture in the region.

China supported major American initiatives to rally the international community in condemnation of the Soviet invasion of Afghanistan in December 1979. They lent support to us on the grain boycott against the Soviet Union, and during this period China increased purchases of U.S. grain above their normal requirements. They also actively supported the Olympics boycott and worked with other countries in shifting the site of the games.

While this community of strategic interests has remained a key element in our relations with China, we have also enjoyed a steadily expanding and beneficial economic relationship with China. Bilateral trade has increased dramatically and last year reached $5.6 billion with a $1.7 billion surplus in favor of the United States. Exports of agricultural commodities in 1981 reached $2.1 billion, thus making China our fourth largest foreign market for agricultural products. China is our largest export market for wheat, with record sales in 1981 of $1.3 billion. In addition, corn, cotton, and soybeans accounted for $654 million of export sales to China.

Although we have traveled light-years in our relationship with China since the Shanghai Communique of 1972, in some respects, our legislation continues to reflect an earlier time when our relationship was one of nearly total antagonism. This disparity between our legislation and our foreign policy has been a not insignificant irritant in our relations with China since it calls into question our good faith in treating with China as a "friendly" country.

Accordingly, the President last June decided to seek an amendment of those laws which linked China with the Soviet bloc and which are therefore inconsistent with our current strategic relationship. This decision was conveyed to the Chinese leaders by Secretary Haig during his visit to China in June of 1981.

The legislative proposal before the committee is submitted in implementation of the President's decision. The only countries in the 1966 legislative history to which I alluded earlier which were considered ineligible for designation as friendly countries were China and the Soviet Union. In 1966, there was considerable logic in support of this designation. Our relations with each of these Communist countries were hostile and confrontational. Each was considered to be the leader of world Communist movement directed against the United States. This remains the case with respect to the Soviet Union.

We now regard China, however, as a friendly but nonallied country with which we share important interests. Under these circumstances, we believe it is logical and appropriate to remove the prohibition of Public Law 480 transactions with China. Our law and our foreign policy should be congruent or, to put it more simply, we should not treat our friends like enemies.

My colleagues from the Department of Agriculture can address in detail our current agricultural exports to China and the prospects for further expansion of this market. I would like, however, to emphasize two broad but related points. First, elimination of legislation which discriminates inappropriately against China can only serve to improve the climate in which commercial relations are conducted; and second, as I noted, we are not now proposing to initiate a bilateral Public Law 480 program for China. We would, of course, consult closely with this committee if, in the future, circumstances should be such that it would be in our national interest to institute such a program.

Mr. Chairman, this concludes my brief remarks, and I would be happy to answer any questions which you or other members present may have.

The CHAIRMAN. Thank you, Mr. Secretary.

I guess it is a matter of becoming a part of what you condone. There are so many double standards in the foreign policy of this country, past and present, mainly because there has been a carryover of a certain amount of didacticism. But I hear on one hand how terrible it is to try to be friendly with Latin American countries which are anti-Communist, because of their human rights record, which is substantially in dispute in terms of accuracy. We have a Foreign Relations Committee over there that will jump on any country that is anti-Communist, and yet, they in the majority are seeking to normalize relations with Cuba; they have advocated what I consider to be botching our entire relationship in Latin

America. And yet, here, we make a turn, and we are calling—you are calling—Red China a friendly nation.

Now, I do not know where the State Department stands on the question of human rights. Now, let me make just one point to start. There is reliable, undisputed evidence that the Red Chinese regime killed upward of 60 million of its own innocent citizens, and perhaps allowed another 50 million to starve. These are not figures that I have drawn out of the air; they came from the State Department, they came from the United Nations, they came from the media, they came from reliable scholars, and were carefully documented by Ambassador Richard L. Walker, in a report prepared by the Senate Judiciary Committee some years ago. You are familiar with that.

So, if we are going to talk about human rights, I do not care how much Red China trades with us or wants to trade with us. If we mean what we say about human rights, how are we going to deal with 60 million casualties, you see.

Now, I have a summary here that I would like you to look at. That is Ambassador Walker's summary, his table. Now, Mr. Secretary, do you disagree with his figures?

CASUALTIES OF COMMUNISM IN CHINA

	Range of estimates	
1. First Civil War (1927–36)	250,000	[1] 500,000
2. Fighting during Sino-Japanese War (1937–45)	50,000	[2] 50,000
3. Second Civil War (1945–49)	1,250,000	[1] 1,250,000
4. Land reform prior to "Liberation"	500,000	[3] 1,000,000
5. Political liquidation campaigns (1949–58)	[4] 15,000,000	[5] 30,000,000
6. Korean war	[1] 500,000	[6] 1,234,000
7. The "Great Leap Forward" and the communes	1,000,000	[7] 2,000,000
8. Struggles with minorty nationalities, including Tibet	500,000	[8] 1,000,000
9. The "Great Proletarian Cultural Revolution" and its aftermath	250,000	[9] 500,000
10. Deaths in forced labor camps and frontier development	15,000,000	[10] 25,000,000
Total	34,300,000	63,784,000

[1] John S. Aird, "Population Growth" in Eckstein and Galenson, eds., "Economic Trends in Communist China" (Chicago: Aldine, 1968), p. 265. There are wide ranging figures regarding the "Long March" (1934–1935). Hugo Portisch "Red China Today" (Chicago: Quadrangle, 1966), p. 131 offers the usual estimate of 100,000.

[2] This figure would include, for example, the New Fourth Army incident of January 1941 and numerous minor skirmishes during the war. See Peter S. H. Tang and Joan M. Malcney, "Communist China: The Domestic Scene, 1949–67" (South Orange: Seton Hall, 1967), pp. 60–69.

[3] One official statement lists half a million "feudal bullies" eliminated in the north by June 1949, this would not include Manchuria or other areas under Communist control. The figure of one millon is probably closer given the intensity of the early part of the "land reform" in this early period. Cf. "Problems of Communism" No. 2. 1952, p. 2.

[4] This figure drawn from a Department of State estimate is given in several places: Franz H. Michael and George E. Taylor, "The Far East in the Modern World" (New York: Holt, 1956) p. 457 use the figure for the first four years of Communist rule. George M. Beckmann, "The Modernization of China and Japan" (New York: Harper and Row, 1962, p. 520 cites the same figure from a later government estimate. As noted above, the Soviets give a figure of 25+ million for the period 1945 to 1965.

[5] New York Times, June 2, 1959.

[6] The larger figure is the official U.N. command estimate of Chinese Communist casualties. Aird prefers a more modest assessment of U.N. performance against the Chinese "People's Volunteers." The Chinese Nationalists guess 1,540,000.

[7] On some of the background for the range of estimates, based on discussions in Hong Kong and subsequent studies, see two special supplements which the author did for the New Leader: "Letters from the Communes," June 15, 1959 and "Hunger in China," May 30, 1960. Valentin Chu, in another "New Leader" supplement entitled "The Famine Makers," June 11, 1962 places the deaths of peasants owing to the "leap" at a minimum of 1 million.

[8] The figures on Tibet are also uncertain, but the International Commission of Jurists found clear evidence of genocide. Stanley Ghosh, "Embers in Cathay" (New York: Doubleday, 1961), p. 190, notes that the number of people immediately killed in the revolt of 1959 was 65,000 according to reliable sources. Troubles with other minority groupings have also led to casualty figures. See, for example, the interview by Hugo Portisch with the former Sinkiang "Culture Minister" in the "Vienna Kurier" of May 8, 1967. The Uighur leader, probably with very little urging from his Soviet hosts, discussed Chinese policies which had resulted in the deaths of thousands of Uighurs. He cited, for example, the case of the village of Kutcha, where he claimed that 10,000 people died in 1959 alone, all Uighurs.

[9] These figures are surely conservative estimates. As noted in the text more than 50,000 are reported to have perished in Wuchow, Kwangsi alone, On May 30, 1967, Radio Moscow (obviously not the most reliable of sources) estimated that more than 100,000 had already been executed in the course of the Cultural Revolution. These figures would also include the casualties of the hsia-fang or "rustication" movement which sent Red Guards to the countryside and frontiers when the army started to put the lid on the Cultural Revolution and bring it to a halt. They also include the wave of public executions which were part of the move to restore order and started in 1969 and continued through 1970. James Yeh, writing in the "Mainichi Daily News" in Tokyo on September 4, 1969 reported on the executions in some detail and also quoted the official Peking figure that by that time more than 25 million young people had been sent to the countryside.

[10] Robert Conquest in "The Great Terror" (New York, Macmillan, 1968), p. 533 estimates an annual casualty rate of 10 percent in Soviet slave labor camps. It can be doubted whether conditions in China are any more humane—stories heard from former inmates in Hong Kong can be hair-raising indeed. Granting a 10 percent annual death rate in Chinese Communist Labor Reform Camps over 20 years of their formal existence, the figures given are obviously conservative.

From "The Human Cost of Communism in China" by Dr. Richard L. Walker, University of South Carolina. Prepared for the Committee on the Judiciary, United States Senate, 1971.

Mr. SHOESMITH. Well, Mr. Chairman, I know Ambassador Walker has a reputation as a very careful and reliable scholar. This is the first time I have seen these figures. Knowing him as a careful and reliable scholar, I certainly would not, on the face of it, challenge his figures. Although I have not checked them out, I would certainly——

The CHAIRMAN. Well, why don't you take that with you and look at it, and if you have any disagreement with it, let me know.

Mr. SHOESMITH. Certainly.

The CHAIRMAN. If I do not hear from you, I will assume that you agree with his figures.

[The following response was subsequently received by the committee:]

CHINA: HUMAN RIGHTS ABUSES IN MAOIST PERIOD

Question. Could you comment on Ambassador Walker's 1971 report on human rights abuses in China during the Maoist period?

Answer. Ambassador Walker's attempt to quantify the human suffering caused during the twenty-two year long Chinese civil war and the post-1949 period was based upon some of the best available data at the time. It is ultimately not possible to quantify with any certainty the casualties which occurred during the 1927–71 period. In a few cases, we have gained a better feeling since 1971 for the great depth of suffering in some periods of modern Chinese history, especially the Great Leap Forward and Cultural Revolution periods. In other cases, we are no better off in understanding the level of suffering.

The CHAIRMAN. So, what problems me, Mr. Secretary, is, as I said earlier, that we have become a part of what we condone. Now, we are playing footsie all over the world. We are inconsistent. We really do not have a foreign policy that makes a whole lot of sense to me. Now, I am talking about the administration of a man I have supported since day one, Ronald Reagan, and I have got to ask whether it is proper to regard a regime which is built upon such terror as is stated arithmetically in that table, is it proper for us to say that this is a friendly nation?

Mr. SHOESMITH. Let me make perhaps two comments on that, Mr. Chairman. Just looking at Professor Walker's tabulations here, one notes that the largest figure in this tabulation probably occurred up to and through the cultural revolution, with even larger figures in the earlier period.

China is certainly an underdeveloped country, and it is burdened with an authoritarian social system. We have, recently, in our annual report, submitted to the Congress our report as to the state of human rights issues in China today. I think there has been some change, particularly since the end of the cultural revolution, the fall of Mao Zedong and the emergence of this new leadership group.

There are still political prisoners in China, as our report to the Congress notes, but many thousands over the last several years have been released. We do not have in China, and the leadership has given a very clear indication that they do not intend to allow

the sort of mass political campaigns that were characteristic of the cultural revolution, in which people were required or encouraged to villify friends, their families, speak out against their conscience. This regime, and these leaders, I think, have moved away from that. In the area of economic decisionmaking, for example, it has been very interesting to see the extent to which they are trying to leave to people in rural areas more individual initiative to pursue their own lives, to move away from tightly controlled central state planning for agriculture. It is a very pragmatic—perhaps more a pragmatic than a philosophical move—but the results, I think, are nonetheless to give people—and 80 percent of China's people are in the rural areas—to give them somewhat greater individual freedoms. And they have tried to reestablish the legal system, and most particularly, and of concern to us in the human rights area, they have certainly very substantially loosened up on their policies to permit many, many people to leave China for purposes of study, business, and the like.

So I think one can say, if you look at China over the period from 1949 up to the present, that the last 4 or 5 years have shown some signs of China moving away from this harsh, ideologically oriented, totally repressive state that we were familiar with in the sixties and certainly in the period 1965–70.

I am not arguing, Mr. Chairman, that China does not have serious human rights problems; they do have, and we are concerned about those problems and continue to do what we can through the ways of quiet diplomacy, to exercise some influence on Government policy. We have, for example, recently, been very concerned about the case of some Roman Catholic priests in Shanghai who have been imprisoned, and we have been trying to do something to see that these people are released.

The second point of the question, Mr. Chairman, goes to the question of the designation of China, or characterization of China as a friendly country. I think that relates primarily, Mr. Chairman, to the very considerable number of areas of our national interest where we are able to cooperate well with China. Most importantly, this relates to our shared goal of trying to resist Soviet expansionism wherever it occurs, whether it is in Southeast Asia, in South Asia, in Afghanistan, or whether it is in the possibilities for such expansions in the Middle East and Africa. But there are other areas. I have mentioned the expansion of our commercial relationship with China. We feel that a modernizing and stable China, which is the objective of this group of leaders, would serve our interests in promoting greater peace and security throughout the East Asian region and on matters of our security treaty relationships with the other countries of Asia. Prior to 1972, the Chinese were consistently critical of our security treaty relationships with Korea, with Japan, with the Philippines. Today, they support those relationships. It is in these areas, Mr. Chairman, that we consider that China is a friendly country, favorably disposed to many of our foreign policy objectives, and to some extent contributing to our efforts to pursue those objectives.

The CHAIRMAN. Do you really believe that it would take more than one telephone call between Peking and Moscow to wipe away every justification that you have stated?

Mr. SHOESMITH. I really do, Mr. Chairman.
The CHAIRMAN. You do?
Mr. SHOESMITH. I do believe that.
The CHAIRMAN. Well, one of us is naive, sir.
Well, let me ask you——
Senator HAYAKAWA. Mr. Chairman, please excuse me, but I have to be at another meeting—in fact, I am already late for it—if you will excuse me and let me ask a question and make a comment.
The CHAIRMAN. Surely.

STATEMENT OF HON. S. I. HAYAKAWA, A U.S. SENATOR FROM CALIFORNIA

Senator HAYAKAWA. I am grateful to Mr. Shoesmith for his statement. I think this administration is right in saying that we should remove China from that list of nations, including the Soviet Union, defined as unfriendly. It is no longer unfriendly, particularly because the Soviet Union and China do not get along very well. But apart from that, China does, as you say, Mr. Secretary, share many of our important strategic concerns. They are concerned about Afghanistan, they are concerned about Vietnam, they are concerned about Soviet domination in Kampuchea, and so on. They supported us in the Olympics. You pointed out all these facts. There are many ways in which our relationship, far from being one of total antagonism, has grown since the passing of the Mao Zedong revolution. In a sense it is a different kind of relationship altogether, and that change from Mao Zedong to the present regime makes an enormous amount of difference.

Therefore, what I would like to ask is this. If the administration proposal for Public Law 480 changes does not involve a plan to request any additional funds for China, then essentially, to make that change in Public Law 480 and remove China from the list of unfriendly nations is essentially a symbolic act. It has no economic significance at this moment, nor for some time into the future. Am I correct in that?

Mr. SHOESMITH. I think that is essentially correct. It does go, I think, Mr. Chairman, to our efforts to build a basis for a long-term cooperative relationship with China, but in the immediate sense it would not involve any programs of Public Law 480 assistance to China. That is correct.

Now, if I may say so—as you know, Mr. Chairman, we have also proposed an amendment to the Foreign Assistance Act that would remove the prohibition on any assistance to China. There again, we do not propose any new programs or any funding for China, but under ongoing aid programs, as I discussed before your committee a week ago, there are some things within the limitations of current funding that we might be able to do to assist China in upgrading its technology in fields such as agriculture, including soil, seed, fertilizer research, in energy, in remote sensing, and in demographic studies, but these would be within ongoing programs that AID now operates in the regions.

Senator HAYAKAWA. There is just one final comment I would like to make before I leave, then, and it is really a question. This will not deteriorate, I would trust, our relations with Taiwan?

Mr. SHOESMITH. No, absolutely not.

Senator HAYAKAWA. Why do you say that?

Mr. SHOESMITH. First of all, there is nothing in what we contemplate that would in any way detract from our relationship with Taiwan. Those relations would in no way be affected. Taiwan, of course, as you know, is not now an aid or a Public Law 480 recipient.

Senator HAYAKAWA. That is right.

Mr. SHOESMITH. So this expresses nothing in the way of policy or in the way of operations that would in any way affect our relationship with Taiwan.

Senator HAYAKAWA. But doesn't this put the PRC in a more favorable relationship to us than Taiwan?

Mr. SHOESMITH. No, I do not think it does, Senator. Taiwan is eligible for Public Law 480, if there were a need, but there is not now a need.

Senator HAYAKWA. But it is eligible?

Mr. SHOESMITH. As far as I am aware. I would assume that is the case. I presume the reason why it does not now receive Public Law 480 is because—I would defer to staff.

Mr. CLARK. Mr. Chairman, my name is Tom Clark. My comment is that it is not within the exclusion that affects Russia and Communist China.

Senator HAYAKAWA. Thank you.

Thank you very much, Mr. Chairman. I must go now. I am terribly sorry to leave, but I have another meeting.

The CHAIRMAN. I appreciate your coming this morning, Sam.

Now, Mr. Secretary, you stated in your formal statement that you would consult closely with this committee in the event a decision is made to have Public Law 480 extended to Red China. First, let me ask you, are you the official at the State Department who supervises the dealings with Congress on this subject to date?

Mr. SHOESMITH. No, I have not been, Mr. Chairman. I came into my present position in October of last year. I think the first discussions that occurred at the staff level on this question occurred before I arrived, sometime in September.

The CHAIRMAN. Who was in charge?

Mr. SHOESMITH. These would be under the Assistant Secretary for Congressional Relations, together with our staff people in the Office of Chinese Affairs.

The CHAIRMAN. Who would that be? Would that be Powell Moore?

Mr. SHOESMITH. No. Powell Moore is the Assistant Secretary for Congressional Relations.

The CHAIRMAN. I thought that was what you said.

Mr. SHOESMITH. Yes, his office and then from the Office of Chinese Affairs, Mr. Rope, and a member of my staff, Mr. Mueller, is behind me here, and was involved in some of those, together with staff members from each, and of course, under the direction, as far as the Bureau of East Asian and Pacific Affairs is concerned, under the overall guidance of our Assistant Secretary.

The CHAIRMAN. Well, now, are you in a position to give me absolute assurance that there will be "close consultation," as you put it,

between this committee and the State Department, in the event another nibble is made on this question?

Mr. SHOESMITH. I am certainly in a position to give you complete assurance that if at any time it seems in our national interest that it might be useful or adviseable to institute some sort of program under the Agriculture Trade and Development Act, this committee and you, personally, Mr. Chairman, will be consulted in advance.

The CHAIRMAN. Now, you are familiar with the exchange of correspondence between Secretary Haig and me?

Mr. SHOESMITH. Yes, sir, I am.

The CHAIRMAN. Now, I am not big on this business of "protecting one's turf" in the Senate. I just want to get a job done. But there are certain functions of this committee which I do intend to protect as best I can. And frankly, I was greatly disappointed when we were advised of this legislation 13 days after the legislation was introduced. And I hope that there will not be a recurrence of this scenario because frankly, it appeared to me, as I said to Secretary Haig in my letter, that there was a calculated effort to exclude and bypass this committee, and while I certainly want to work with Secretary Haig and all the people in the State Department, I cannot tolerate that, and I do not think this committee will. So, with your assurance, we will proceed.

Now, you discussed prior to Senator Hayakawa's line of questioning that Red China had moved away from this, and things are getting better, and so forth. Well, that can be said of every country that is in controversy in this Congress. But let us see exactly what the People's Republic of China has done to make it fundamentally different today from what was the situation in the past. Has the ideology of the party changed?

Mr. SHOESMITH. I think there is ample evidence that a very consistent effort has been made over the last 3 or 4 years to move away from the Maoist ideology which dominated China from 1949 up until, certainly, his death. I do not mean to say by that that China is no longer a Communist country. It still makes reference to the thoughts of Marx and Lenin. But certainly, in terms of the rigidity that was characteristic—the ideologic rigidity—of China for most of the period after the revolution, there has been a considerable movement away from that. You see it in economic planning, in the degree to which they are trying to open up the political system to some extent, The limit, if you will, is they will not tolerate a challenge to the authority of the Communist Party, but up to that point, there is an effort to give people a greater opportunity to express their views on government policies.

So I think the answer is yes, Mr. Chairman, I think there has been a movement away from a very rigid, totalitarian ideology, still within the overall confines of a Communist or Communist-Socialist system.

The CHAIRMAN. The party structure and authority have not changed.

Mr. SHOESMITH. I would have to say not; not basically. But they have given the National People's Congress, the loose equivalent of a legislature, more authority to discuss government policies in the area of economic affairs and social affairs, in the restructuring of the legal system. There have been some very prolonged and rather

lively debates within the National People's Congress on some of these main issues, and if I may say so, one way in which you can measure the effect of the debates, is that the policies are still, in some areas, in a process of formulation. It will not work anymore in their system under this new leadership for the top leaders to decide by fiat what is going to get done in that country. They are making an effort to draw in more views, try to reach some sort of consensus. I think that is a significant change.

The CHAIRMAN. How about fundamental political freedoms?

Mr. SHOESMITH. Again, I said the limitation is that one does not have the freedom to challenge the authority or the competence of the Communist Party. There is, since 1978, a sort of rise and fall in the tolerance with which the leadership will allow criticisms of the system. There was the brief experiment of Democracy Wall, in which many young Chinese were asking some very difficult questions: Are we any better off under this system? Look at other countries. Even look at Taiwan. And then there was a clampdown on this. And then, you see it in the field of arts and letters, coming up again in allusions. It is very common among Chinese to use literary allusions to criticize policies or individuals. It rises and falls.

While they want to loosen up, I think the leadership has not yet decided how far they can loosen up and still maintain the kind of discipline and unity that they feel is necessary to accomplish the economic goals. But it is a very mixed picture, a very mixed picture.

The CHAIRMAN. Well, that is the most charitable description that could be given. You remind me of the fellow who was struggling to find something nice to say about a lady and said, "Well, for a fat lady, she doesn't sweat much."

Let us look at the social structure of China. Does China have a free press?

Mr. SHOESMITH. I think I would have to say that China does not have a free press in the sense that while it may allow certain freedom of expression, the authorities are always in a position to close off that expression if they do not like it.

The CHAIRMAN. The same thing is true with free speech, right?

Mr. SHOESMITH. I think that is true.

The CHAIRMAN. They can have free speech as long as they say what the crowd in Peking wants.

How about an independent judiciary; does China have any?

Mr. SHOESMITH. There, I would have to say, Mr. Chairman, I can only give you an impression. We can, if you would like, submit to you a more detailed statement on this, because there has been some movement to give the judiciary some independence greater than what they had 10 years ago. But I can only speak in very general terms on that, Mr. Chairman. We would be glad, if you wish, to submit a statement on that point.

[The following response was subsequently received by the committee:]

CHINA: STATE OF THE JUDICIARY

Question. Could you comment on the reported liberalization of China's judiciary in the post-Mao period?

Answer. China has made progress in recent years in reestablishing a legal system. Legal and judicial procedures were effectively gutted during the Cultural Revolution (1966–76), and only in 1979 did the restructuring of the legal system begin. According to official Chinese figures, there are now 200,000 judicial workers in China, including 6,800 lawyers, of whom 5,500 are full-time advocates. The number of law schools and law departments continues to grow, and there has been some exchange with Western, including American, legal scholars and judicial officials. By mid-1981, 1,300 legal advisors' offices had been established in urban areas in all parts of the country. All attorneys in these offices are salaried officials paid by the state.

Reforms of the judicial process are contained in both the 1978 constitution and the 1979 criminal procedure code, which stipulate that a defendant has the right to defend himself at trial, or to appoint an attorney or other representative. Although a defendant's attorney has the right to meet with him in custody, in practice this does not occur until after the pre-trial interrogations by police and prosecutors have been completed and the defendant has been indicted. Decisions on guilt or innocence appear to be made during the pre-trial investigation. Trials become the equivalent of sentencing hearings with the role of defense attorney limited to pleading clemency or arguing mitigating circumstances. There have been no public reports of a defendant being found innocent after trial, but foreigners have witnessed reduction of sentence on appeal.

The Chinese press in 1981 criticized some Communist Party officials for interfering in judicial cases. It is highly likely that verdicts in political cases are reviewed in advance by party authorities.

Many minor offenses have been handled under a labor education regulation which empowers the public security officials, in consultation with representatives of local civil affairs and labor bureaus, to sentence miscreants to up to four years of labor without trial. This regulation has been used by local authorities against political dissidents. There is no recognized appeal procedure.

The CHAIRMAN. I wish you would. I do not want to keep you here all day, but I do have some points that I want to discuss with you. Is there a system of free elections?

Mr. SHOESMITH. Again, Mr. Chairman, I think there has been some slight movement in this direction at the local levels, in electing various officers or officials at local levels, in a number of locations there have been more than one candidate. But it varies from place to place. In some places, these elections seem to have been reasonably free; in other places, they seem to have been tightly controlled.

The CHAIRMAN. But in actuality, there really is not any system of elections at all?

Mr. SHOESMITH. I would not characterize China as a representative democracy, no.

The CHAIRMAN. Is there a legislative body?

Mr. SHOESMITH. There is the National People's Congress.

The CHAIRMAN. How often does it meet?

Mr. SHOESMITH. I do not know. Can staff tell me that?

Mr. MUELLER. It usually meets at least once a year, with several additional meetings of the Standing Committee of the National People's Congress.

The CHAIRMAN. For how long do they meet?

Mr. SHOESMITH. It varies. It varies from several weeks to—I think they have had sessions as long as a month, if I am not mistaken.

Mr. MUELLER. Yes. The last meeting, in November and December of last year, was about a month.

The CHAIRMAN. Was that the only meeting last year?

Mr. MUELLER. I believe it was.

The CHAIRMAN. Do the Chinese people have a right to own property?

Mr. SHOESMITH. Under the efforts that I alluded to earlier, to allow for a somewhat greater private initiative in rural areas, the size of the so-called private plots—I do not believe they own them, since probably all land is owned by the state—but they are able to operate them privately, outside of the state planning system, and to some extent, sell the products that they grow on those private plots, in free markets, outside of the state-controlled system. So there has been some movement back—this is not new to China; it occurred at least once before—but some movement back in the direction of giving people greater control in rural areas and to some extent in the industrial areas, greater control over their own economic decisions.

The CHAIRMAN. Do the Chinese people have a right to choose the job at which they wish to work?

Mr. SHOESMITH. No, they do not. In urban areas, they do not. As far as I know, they are still assigned to a job and cannot move from one job to another at their own initiative.

The CHAIRMAN. They cannot live where they please, either, can they?

Mr. SHOESMITH. For most cases, that is true. There is an increasingly large body of young people in China who are unemployed and outside of the system, and they are given some opportunity to engage in so-called private enterprise, again outside the system, and they can move around, but at considerable disadvantage, because then they do not come within the systems of social security and other benefits that one gets if you are within the regular system. But for most people, they are not permitted to move without Government permission. Housing is assigned.

The CHAIRMAN. What is the literacy rate in China—60 percent, something like that?

Mr. SHOESMITH. I do not know, Senator. Perhaps Mr. Mueller knows. Do you know?

Mr. MUELLER. I do not know what the figure is. The basic literacy rate is fairly high.

Mr. SHOESMITH. It is probably, Mr. Chairman, a matter of definition of what literacy is. If you can read 500 characters, maybe you are literate, but you cannot read much of a newspaper. I do not know, but we can get that, if you would like that.

The CHAIRMAN. Also get for me, if you do not know, the percentage of Chinese who go to college.

Mr. SHOESMITH. Yes.

[The following response was subsequently received by the committee:]

CHINA: LITERACY

Question. What is the literacy rate in China?

Answer. The adult literacy rate in China is estimated to have risen from 20 percent in 1949 to 66 percent in 1979, and the absolute number of illiterate adults (despite a near-doubling of population) to have declined by 70 million. China (which in 1949 was similar to other low-income countries and a long way behind the middle-income countries) is now well ahead of the average for other low-income countries and not far behind that of middle-income countries.

In terms of the rate of primary school enrollment, China is far ahead of most other developing countries, especially low-income ones, and only a little behind the advanced industrial countries. China is also far ahead of most developing countries

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in the rate of secondary school enrollment, though some way behind the advanced industrial countries.

The higher average school enrollment rates in China also reflect a more equal distribution of educational opportunities—as between rural and urban areas, families of varying income levels, and males and females. For example, the proportion of rural primary school age children enrolled, though less than the nearly 100 percent enrollment figure for urban China, is still nearly 92 percent, a very high figure by developing country standards. Similarly, 84 percent of primary school age girls in China are enrolled, as compared with 50 percent in India and 56 percent on average in all developing countries.

CHINA: COLLEGE ATTENDANCE

Question. What percentage of Chinese go to college? What percentage of non-Communist Party members attend college? What can you say about the selection process for attendance at Chinese colleges and universities?

Answer. Approximately 1,000,000 people are now in college in China. About 5 percent of all current senior middle school graduates are now admitted yearly to college, and most who are admitted finish. The percentage of all college age Chinese now attending college and university is somewhat less than 2 percent.

In 1978, for the first time since 1966, China's colleges and universities chose new entrants on the basis of a rigorous standardized national examination and on other academic criteria rather than on strictly political criteria as had formerly been the case. There have been few if any allegations that favoritism toward relatively low-scoring, but politically active students has been a problem. There have, on the other hand, been well-publicized prosecutions of some officials who have allegedly sought favorable decisions on admission for their relatives, working through friendship networks to influence college admissions officials.

The overwhelming majority of Chinese college age students are not old enough to be Communist Party members. A percentage of college students, our guess would be about half, are members of the Communist Youth League. Among members of the Communist Youth League, it would appear from reports that only an extremely small minority are actively engaged in party-directed activity.

The CHAIRMAN. Do Chinese people have a right to emigrate?

Mr. SHOESMITH. They must get permission to leave the country.

The CHAIRMAN. So they do not have a right.

Mr. SHOESMITH. They cannot leave China without obtaining a passport, and the purposes for their visit being reviewed. I did make the point, Mr. Chairman, that over the last 3 or 4 years, there has been a very substantial relaxation of the criteria or controls. People are being permitted to go abroad for study on a private basis. There are about 4,000 here in the United States now that are on private arrangements between universities, or friends or relatives here. People are being permitted to leave China to join relatives in other countries. So there has been over the last 3 or 4 years a very substantial relaxation.

There are some controls and some anomalies. I read about one in the New York Times the other day—you may have seen it, Mr. Chairman—a very sad story of a young individual who thought he could come to college, and for some reason, he has been denied his passport. He does not know the reason. But I think that this is, up to this point, still more of an exception with students than it is the rule.

The CHAIRMAN. What is the latest population estimate of China?

Mr. SHOESMITH. I believe they have just announced it is now 1 billion.

The CHAIRMAN. 1 billion. How many citizens belong to the Communist Party?

Mr. SHOESMITH. About 40-some million, 40 to 50 million. Many came in during the time of the cultural revolution.

The CHAIRMAN. 40 or 50 million out of 1 billion.

Mr. SHOESMITH. Yes.

The CHAIRMAN. In 1977, the Foreign Minister said—and let me quote him—"We have never denied that we are practicing dictatorship against people like 'The Gang of Four,' landlords, the rich, counterrevolutionaries, and those bad people who have destroyed peace and order in society. They are required to behave themselves"—they are required to behave themselves—"and are not allowed to talk and act as they please."

Now, the very small percentage of Chinese people—about one-quarter the population of the United States—who belong to the Communist Party, raises a question of whether you think the Chinese regime still practices dictatorship against those so-called "bad" people.

Mr. SHOESMITH. I think the Chinese regime is properly described as an authoritarian regime. I think that there are limits—as I have stated on two or three occasions—there are limits to which people are permitted to go in their criticism of the political and social system. But, short of those limits, I believe it is demonstrable that there has been a perceptable loosening up on the ability of people in China, and not just members of the Communist Party, to express their views about internal policies, economic matters, on matters of social affairs and cultural affairs. Reading the Chinese press and the number of small publications that you see gives one a somewhat surprising view of the diversity of opinion that is being expressed, short of a criticism of the authority and competency of the party—although there has been criticism of the competency of the party. People have been saying they have got a lot of old fellows in there who do not know anything, or they are in there just because they had the right ideas ideologically, but it should be on the basis of merit.

Another area that I might mention in this respect, Mr. Chairman, is that during the period of the cultural revolution, it was impossible for a young person to enter a university unless he was certified as ideologically pure. Now, entrance to universities are on the basis of examinations and merit, and I think that is a considerable step forward.

The CHAIRMAN. How did you make that evaluation?

Mr. SHOESMITH. That they are now being admitted on the basis of merit?

The CHAIRMAN. Yes, sir.

Mr. SHOESMITH. First of all, the Government published regulations to provide for these examination systems and, through our contacts and the information that we have about what is going on in China, we are confident that for the most part, that is the way students are now entering college. And we see complaints and resentment on the part of those young people who were admitted to universities during the period of the cultural revolution on the basis of ideological purity who are now having to compete with even younger people who are being admitted on merit, and they find this unfair, in their terms.

So I think there is fairly good anecdotal evidence, Mr. Chairman, that a system of merit is now being applied to the universities in China.

The CHAIRMAN. You said that about 50 million of the 1 billion belong to the Communist Party.

Mr. SHOESMITH. Yes.

The CHAIRMAN. How many students from the 950 million segment of the population are admitted on merit?

Mr. SHOESMITH. I do not know what the figures are for recent admissions to universities within the last couple of years when this new policy has been put into effect.

The CHAIRMAN. Do you see why you are puzzling me a little bit? I know you were sent here to defend the State Department position on this, but when you get down to the brass tacks of it, you really do not know, because who can measure a population of 1 billion and what goes on in it. And I am not being adversary on the thing, but I am just trying to——

Mr. SHOESMITH. Well, I think that is quite right, but I think we would be able to get published statistics on the number of people who have entered universities in 1978, 1979, and 1980, and current Chinese statistics are more reliable and more complete than they have been in previous times. And I think we have enough anecdotal evidence, as I have said, to indicate that the merit system now is being applied widely throughout the university system.

The CHAIRMAN. The trouble is that the Communists are writing the anecdotes.

Mr. SHOESMITH. Well, I do not read those kinds of anecdotes. I mean the kinds of anecdotes that our scholars, newspaper people, journalists, and others, as they travel through China, meeting with Chinese students, meeting with university administrators, what they are told. One can question whether what they are told is really what is happening. The dialog, if you can put it that way, between outside visitors to China and Chinese has been considerably more open, and I think, Mr. Chairman, we are reasonably confident in the kinds of assessments we are making on this type of problem.

The CHAIRMAN. In terms of non-Communist young people——

Mr. SHOESMITH. Not members of the Communist Party.

The CHAIRMAN. Yes.

Mr. SHOESMITH. Oh, I am sure that there are many, many thousands, not members of the Communist Party, who are going to universities. Let me make sure. [Conferring with staff.].

The CHAIRMAN. Identify this gentlemen, and then I want to ask him a question.

Mr. SHOESMITH. This is Richard Mueller, who is Deputy Director of the Office of Chinese Affairs, in charge of Economic and Science and Technology Affairs.

The CHAIRMAN. How do you know that there are many thousands of students going to college who are not members of the Communist Party? You nodded your head in complete assent. How do you know that?

Mr. MUELLER. Well, I agree with what Mr. Shoesmith said.

The CHAIRMAN. I do not doubt that. I want to know on what basis you agree with him.

Mr. MUELLER. Well, it is difficult to get overall statistics which you can have complete confidence in. On the basis of living in Peking for 2 years, I have had several experiences along the lines

that Mr. Shoesmith suggested in talking to Chinese, while one might not have talked to them specifically about their Communist Party membership, one could talk about their interests, their aspirations, and so forth. It is clear that many have had a chance to apply to universities, where they have not had a chance before. But in terms of coming up with precise percentages, it is difficult to do that. But there is considerably more contact now between China and the United States than there has been previously, and therefore, as a result of the number of people who have had a chance to live and study in China, I think we know very clearly that there have been significant and fundamental changes.

The CHAIRMAN. Well, you know, if I were a leader of a regime over there, I would send people to talk to you, and I would send people to this country, who would say precisely the anecdotal information that you are giving this committee.

I do not want to draw this out too far, but let us go back to the statement of the Minister, in which he said that, "We have never denied that we are practicing dictatorship against people like 'The Gang of Four,' landlords * * *." Now, what is the definition of a landlord in China?

Mr. SHOESMITH. I think the traditional definition of a landlord in China was someone who owned land, generally substantial amounts of land, which was worked by tenant farmers who were essentially at his beck and call in terms of what they earned and the like. That is, I think, probably a rough definition.

The CHAIRMAN. Well, my information is that a landlord falling under that definition by the Foreign Minister speaking in 1977 is a landlord who ever rented property, even a widow who rented one room in her house. And her children, as a matter of fact, become landlords, even if they were born after the collectivization of the property. Well, now, he said, "We are practicing dictatorship against the rich peasants * * *." What is a rich peasant, in terms of application of this dictatorship that the Foreign Minister said they were going to put down?

Mr. SHOESMITH. A rich peasant, I presume, would be someone whose property and income was substantially greater than any tenant, of course, or any small landholder.

The CHAIRMAN. My information is that a rich peasant falling under the Foreign Minister's classification is anybody who owns as little as 2 or 3 acres of land.

Mr. SHOESMITH. So far as I am aware, no one owns their land today in China.

The CHAIRMAN. I am talking about previously.

Mr. SHOESMITH. Previously?

The CHAIRMAN. Yes.

Mr. SHOESMITH. Prior to the revolution?

The CHAIRMAN. Yes.

Mr. SHOESMITH. Yes, prior to the revolution, certainly.

The CHAIRMAN. Anybody who had 2 or 3 acres of land was a rich peasant?

Mr. SHOESMITH. I am not familiar with that definition, but it strikes me as quite plausible.

The CHAIRMAN. Well, we will compare our evidence, and I will assign a staff person to tell you where we got our information.

Now let us talk about Chinese concentration camps—they call them, I believe, "work camps"—from which there is no exit, and these nice little facilities where they reform you by making you work, of course, obviously intended for political rehabilitation. The estimates that we have for those in the first category—that is the concentration camp, work camp—is about 25 million. Does that jive with your information?

Mr. SHOESMITH. I am not familiar with our estimates on that, but we can certainly get for you, Mr. Chairman, whatever estimates we have. I think any estimates of that sort of thing are exactly that. They are estimates. I do not think we can be in a position to have complete knowledge of that.

The CHAIRMAN. For the same reason you cannot have complete knowledge about how many non-Communist students go to the universities.

Well, why don't I ask you to supply me such information which you feel is reasonably trustworthy on the question of the concentration camps or work camps, or the "reform through labor" camps.

Mr. SHOESMITH. Certainly.

The CHAIRMAN. And I would like to know where the camps are located.

Mr. SHOESMITH. To the extent that we have that information, we will certainly provide it.

The CHAIRMAN. And where they have been in the past, and what the conditions are in those camps, to the extent that you know.

Mr. SHOESMITH. To the extent that we know.

The CHAIRMAN. All of which raises questions of how far do we want to go.

[The following information was received by the committee:]

CHINA: PENAL CAMPS

Question. To the extent that we have details, what do we know about the current population of Chinese "work camps," their location, and the condition of these camps.

Answer. We do not have adequate information on the Chinese penal system.

China continues to maintain a system of penal labor camps, primarily for common criminals. There are both urban prison factories and rural prison farms. It appears that the total number of political prisoners in these institutions has diminished considerably in recent years, due to reversal of verdicts in hundreds of thousands of cases and to natural attrition. Of the many thousands of prisoners in labor camps, the number of political prisoners cannot be gauged.

According to report of former inmates, conditions in China's prison factories and farms vary considerably. Beatings reportedly occur in some camps, but not in others; letters and family visits are sometimes permitted and at other times not. Official policy does not tolerate physical abuse of prisoners.

There are model prisons, such as Beijing's No. 1 Prison, which is visited frequently by foreign penal and judicial experts. In other penal institutions, particularly work camps in remote border areas, life is reportedly quite harsh. We do not have reliable or complete information on the number and location of such camps.

The CHAIRMAN. Now, you still are not ready to classify Red China as a dictatorship; it is an authoritarian regime.

Mr. SHOESMITH. That is right.

The CHAIRMAN. Is it worse, better, or the same as some of the dictatorships that we read about in the media in South America and Central America?

Mr. SHOESMITH. I simply am not in a position, Mr. Chairman, to make those comparisons, because I do not know enough about the conditions in the countries to which you refer. But what I can say is that I think overall, the conditions in China today as measured against the kind of criteria that you have been interested in, are better today than they were 10 years ago.

The CHAIRMAN. Mr. Secretary, I guess the fundamental question that I am trying to discuss today is, Does Red China consider itself a leader of the world Communist movement?

Mr. SHOESMITH. No. I think in 1966—and I think it is fairly clear, from reading the legislative history—that it was thought that at that time, China could accurately be described as aspiring to or actually attempting to be a leader of a world Communist movement. But I think that there have been changes since that time, and over the past decade, I think there has been a significant change in China's foreign policy, in its orientation and its objectives, a change in response to the increasing emphasis that is being put on internal development, particularly economic modernization, a change that responds to and reflects changes in the internal political situation and the leadership and a change that is in response to their perception of an increasing threat from the Soviet Union. So that today, China does not identify itself as the leader of a world Communist movement, and it does not profess such a goal. It does identify itself with the Third World, and it seeks an influential position within the Third World, but not on the grounds of Communist ideology; rather, primarily on the grounds of opposition to Soviet expansionism.

It exercises a degree of influence within the Third World, but hardly a controlling influence. China has friendly relations with Communist countries, but in no case does it exercise a dominant position over any of those countries. With other Communist countries, China's relations are hostile, as is the case with both the Soviet Union and Vietnam. And in recent years, China has deemphasized its contacts and relations with Communist parties or revolutionary movements in neighboring countries, particularly where the governments of those countries have made clear to China that any such contacts or support for revolutionary or Communist parties within their countries would be inimicable to the state-to-state relations between China and the government. This has been notably the case in Malaysia and Thailand.

So I think that if one looks at both the posture and the activities of the People's Republic of China today, it is not now appropriate to characterize it as the leader of a world Communist movement.

The CHAIRMAN. But it is a member of it.

Mr. SHOESMITH. No. I do not think it is a member of any world Communist movement. I think the Soviet Union can still be characterized as the leader of a world Communist movement, but relations between China and the Soviet Union are such that it would not be accurate to say China is a member of the Soviet's world Communist movement, nor is China controlled by the Soviet world Communist movement.

The CHAIRMAN. On the Pacific Basin region, are you prepared to say that China now is engaged in no subversive activities there?

Mr. SHOESMITH. The evidence we have is that among the neighboring countries, whether it is in the Philippines where there is a Communist movement, whether it is in Malaysia, the Malaysian Communist Party, the Thai Communist Party, that at most, China regards these movements as fraternal movements, if you will, but is providing no significant material support to those revolutionary or Communist movements.

The CHAIRMAN. I am going to file some written questions, not many, but I have kept you here long enough, and I appreciate your patience with me.[1]

Let me ask one final question. In terms of making China a modern industrial power, how much capital investment will be necessary to do that?

Mr. SHOESMITH. I do not have a figure, Mr. Chairman, but tremendous amounts, tremendous amounts. China is an underdeveloped country, and in critical areas such as energy, transportation, communications, development of natural resources, tremendous amounts of capital investment will be required, and it will not happen soon.

The CHAIRMAN. And as you depart, you still say that Red China is not a dictatorship; it is an authoritarian regime?

Mr. SHOESMITH. That is the term I use, yes, Mr. Chairman.

The CHAIRMAN. Well, I think, Mr. Secretary, that you have performed your responsibility well here, and you did exactly what they suggested you do.

Mr. SHOESMITH. Mr. Chairman, I have not told you anything I do not believe.

The CHAIRMAN. Well, we will see. But I have to say that I hope you are right and I am wrong. I think we are treading on treacherous water. I am not going to get into a discussion about what we are doing to an obvious friend and ally, Taiwan. You have said, and the State Department has said, both in the previous administration and now, "Oh, we are not going to hurt Taiwan." Well, they do not feel that way about it, and somewhere along the line, I wonder if we had not better take a look at who is and has been our friend and maybe offer them some support.

Mr. SHOESMITH. I understand those concerns, Mr. Chairman, and I hope that we on the State Department side can continue to discuss those important questions with you, because they are important, and we should have at least a clear view as to how we see these on both sides.

The CHAIRMAN. Thank you very much.

Mr. SHOESMITH. I thank you, Mr. Chairman.

The CHAIRMAN. Our next witness is Mr. James Ross, Assistant General Sales Manager, U.S. Department of Agriculture.

Mr. Ross, do you have a statement?

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[1] See p. 37 for additional questions from Senator Helms and the answers thereto from Mr. Shoesmith.

STATEMENT OF JAMES ROSS, ASSISTANT GENERAL SALES MANAGER, U.S. DEPARTMENT OF AGRICULTURE, ACCOMPANIED BY LOU ERISMAN AND MARY CHAMBLISS

Mr. Ross. No, Mr. Chairman. I am pleased to be here, and I have with me today two specialists, one on China, Mr. Lou Erisman, and another on Public Law 480, Mrs. Mary Chambliss, who are here.

The CHAIRMAN. Fine. Why don't they join us here at the table?

Mr. Ross. Very well.

The CHAIRMAN. We will be informal about this thing, as we are somewhat lacking a quorum this morning. Good morning.

Well, in that case, is it suitable with you if I proceed and ask you a few questions for the record?

Mr. Ross. Certainly, Mr. Chairman. We are here to respond to questions.

The CHAIRMAN. All right. What is the maximum income level that the administration is applying to countries in order to establish eligibility under section 111?

Mr. Ross. Mr. Chairman, we are following the World Bank criterion on poverty, as required by the act, and that is currently $730 per capita GNP.

The CHAIRMAN. And which nation or nations are closest to exceeding that income ceiling?

Mr. Ross. We have countries such as Costa Rica that fall in the 25-percent category. We have to follow the legislation, which provides that 75 percent go to countries with less than $730 per capita GNP.

The CHAIRMAN. Well, would China be above or below it?

Mr. Ross. China would fall below the poverty criterion.

The CHAIRMAN. Now, if a title I sales agreement were to be signed with China in fiscal year 1982–83, would China replace another recipient country, or would the administration have to request a supplemental?

Mr. Ross. Mr. Chairman, there would have to be a supplemental. The funding for fiscal year 1982 has been earmarked or allocated for certain countries, and at present, there would not be sufficient funding in title I for China.

The CHAIRMAN. So you would have to come back to Congress for money?

Mr. Ross. That is correct.

The CHAIRMAN. Now, what commodities might China receive under our title I agreement?

Mr. Ross. Wheat, feedgrains, and cotton are the most likely commodities that China would request.

The CHAIRMAN. So we are talking about soybeans, wheat, and corn. How about rice?

Mr. Ross. No, we would not anticipate that China would be a customer for rice under Public Law 480, and soybeans have not been programed under Public Law 480, so we would look to wheat, cotton, and corn.

The CHAIRMAN. Tobacco?

Mr. Ross. No, we would not include tobacco.

The CHAIRMAN. What is the average funding level, if there is one, for a title I sales agreement?

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Mr. Ross. It varies widely from country to country. Egypt is the largest recipient of Public Law 480, and we have some agreements to go down to $1 million or less. But we do not have an average that would be significant.

The CHAIRMAN. My perspicacious associates on the staff here have come up with an average of between $20 and $30 million.

Mr. Ross. That is a mean, but it varies tremendously.

The CHAIRMAN. Now, let us say that they are in the ball park on the $20 to $30 million, and let us bring in this colossus, called the People's Republic of China, and that means 50 million of the 1 billion people of the Republic of China, and let us say it is $25 million on average. That average funding level—I am using this hypothetically, now—would supply China with what, about 120,000 tons of grain—wheat, for example—and in 1981, China purchased about 8.4 million tons of wheat and feed grains. So if we were going to do just average for China, or what we perceive on the committee to be average, this Public Law 480 would supply about 1 percent of China's current cash imports.

Now, given that China is such a sizable and valuable cash market for U.S. grain, I may be myopic, but I fail to see the market development advantage of a title I sales agreement. Can you explain how it would be helpful to us?

Mr. Ross. I think a small amount, such as an average of 25 to 30, might not be as significant, certainly, as one that might be twice that. We feel that a program that would have any significant impact would probably be about $50 million or so. But it would provide a better climate for our market development activities and would also provide the outlet for the commodities which are programed under Public Law 480.

The CHAIRMAN. If I can double back here, let me ask you, what are the monitoring and inspection requirements with which the recipient nation of a title I sale must comply? What do you do to monitor and inspect?

Mr. Ross. There are quarterly compliance reports which provide data on the trade of the country and statements and information which will show that they have not exported, or reexported certain commodities, or similar commodities, to that which have been programed to them under the title I agreement. They also must provide statements pertaining to their self-help measures.

The CHAIRMAN. Well, could you, under your existing knowledge of the system, even implement a program with Red China?

Mr. Ross. I would think that we would be able to, but we would follow the legislation and the criteria which were established for title I agreements. I am not aware of any requirement at present that would prevent us from doing that.

The CHAIRMAN. What is the average rate of growth in agricultural output in China?

Mr. Ross. I would like for Mr. Erisman to respond to this question.

Mr. ERISMAN. Are you talking in terms of value?

The CHAIRMAN. Yes, sir.

Mr. ERISMAN. I think the value terms are somewhere around 4 to 4½ percent.

The CHAIRMAN. That is the average rate of growth?

Mr. ERISMAN. That is right.

The CHAIRMAN. We were talking with the previous witness about the population of Red China being 1 billion. What is the growth rate of the population?

Mr. ERISMAN. You are talking very, very large numbers. The Chinese have recently published a couple of studies, talking about the population through the year 2000. One projection, using a growth rate of 1 percent, would give you a population of 1.22 billion in the year 2000. Another, using a growth rate of 2 percent, gives you 1.48 billion, for a difference of 260 million people. I think in terms of planning, they seem to be using the figure of 1.3 billion.

The CHAIRMAN. Given the percentages on the growth of production and the growth of population, is China going to be able to meet the needs of its own people?

Mr. ERISMAN. That is a very difficult question. They have over the past centuries, in their own way, been terribly overpopulated. Of course, they have been able to squeeze out more and more outturn. They have a number of things working against them, of course. One is the amount of land under cultivation is declining, and they expect it to continue to decline. They are still on what you call a traditional production function, for the most part, which is giving hand-to-mouth or one-time increases, but not sustained growth. Sustained growth has to come from modern inputs in technology and, of course, that is what they are looking for. They realize that they can no longer continue to go it alone, as they have up until the late 1970's. They realize that they have to look outside for assistance.

The CHAIRMAN. Of course, they solved part of that problem in earlier years by exterminating about a total of 100 million people—60 million just outright slaughtered, and 40 to 50 million were allowed to starve to death.

Who are China's other suppliers of agricultural products?

Mr. ERISMAN. On grains, primarily Canada and Australia; to a lesser extent, Argentina. And in terms of cotton, they buy fairly small quantities from a large number of nations. Of course, they are a large customer for U.S. cotton, as well.

The CHAIRMAN. Now, I assume that China's agriculture system is under complete Government control; is that correct? The Secretary made reference to some perception of free enterprise. To what extent does that occur?

Mr. ERISMAN. Of course, it was very, very dictatorial and very, very rigidly planned up until December 1978. I believe that the Chinese realized that they were zapping the incentive out of the system, and they had to try to do something to install the incentive in people to get out and hustle and work. Now, the changes that have been made have more or less been progressive up until the present year. There has been considerable decentralization. Up until late 1978, there were very rigid plans, for the acreage that had to be seeded and the outturn that had to be collected, and how much had to be turned over to the state; those were very, very rigid.

One of the first things they introduced was a change in planning procedures. Most acreage targets were dropped so that if an outfit could grow, say, their grain quota on 80 percent of their acreage,

they would have another 20 percent they could do as they pleased with, within some restrictions. The Government tried to control outturn through price incentives, some of which was allowed to filter back in and be retained in the rural system. They doubled the size of the private plots, although they are still terribly small. They allowed the peasants to grow virtually any crop they wanted to grow in their private plots, whereas before it was only vegetables and so on and was very tightly controlled.

They have entered into what they call new responsibility systems whereas they say, "This is still socialist, because the land is still owned by the Government or the people." But they are contracting in some cases with individual households to farm a certain plot of land and then, out of that outturn, they have to turn a certain proportion over to the state.

These have led to some imbalances, and there are indications that they will be more highly regulated than they have in the past couple of years. But nevertheless, compared to the period prior to 1978, there is still much more flexibility than there was, although when you start with a very rigid system, everything looks like an improvement.

The CHAIRMAN. Are there any further comments?

Mrs. CHAMBLISS. No, Senator.

The CHAIRMAN. Does anybody on the staff have further questions that I have overlooked?

[No response.]

The CHAIRMAN. Well, thank you very much. I appreciate your coming this morning.

Mr. Ross. Thank you, Mr. Chairman.

The CHAIRMAN. Now, if Dr. Ray Cline will come forward, we will wind up this session.

Dr. Ray Cline is a senior associate with the Georgetown Center for Strategic and International Affairs. He is a former Director of the State Department's Bureau of Intelligence and Research, and he is a very distinguished scholar of relations in the Pacific Basin.

Dr. Cline, I appreciate your patience with us. We have run a little bit longer than I anticipated, but when we start asking questions, further questions come to mind, and you know how it goes. I am inclined to make a bull session out of these things, but that is the only way I know to get to the heart of the matter.

Do you have a statement?

STATEMENT OF DR. RAY S. CLINE, SENIOR ASSOCIATE, GEORGETOWN CENTER FOR STRATEGIC AND INTERNATIONAL AFFAIRS

Dr. CLINE. I have a few preliminary remarks, Mr. Chairman, if you would like me to make them. I did not have time to prepare them in typed form, but I will submit them to your staff.

The CHAIRMAN. That will be fine. Thank you.

Dr. CLINE. I was delighted that I got here in time to hear my former colleague from the State Department exhibit such diplomatic dexterity in suggesting that the Government of the People's Republic of China was not a dictatorship.

The CHAIRMAN. I gave him every opportunity to amend that.

Dr. CLINE. I think actually, the members of the Communist Party would be rather insulted by that, because of course, it is a cardinal principle of any Communist Party that establishing a dictatorship of the proletariat is the reason they are in business. So I was fascinated to discover the State Department has somehow conveyed to the Government of Peking a special status that they do not themselves claim, I am quite sure.

As I understand it, Senator, the proposal before you is, to remove from the present prohibited list the People's Republic of China so that it would be eligible for agricultural assistance under the Public Law 480 law. It really baffles me as to why this proposal is being made. There are so many needy small nations with developing private enterprise systems in agriculture, as well as in other parts of their economy, that would benefit a great deal from a relatively small amount of help, whereas the direction of your questioning already this morning has indicated the magnitude of the problem of agriculture in Communist China. Why we want to extend economic aid to a badly mismanaged, centrally planned Chinese economy on the mainland is hard for me to see.

I conclude from my studies that the People's Republic of China [PRC] is a dictatorship, built on traditional Soviet model. The so-called progress, which was mentioned by a couple of previous witnesses, are minimal retreats from some of the wilder fantasies of Mao Tse-tung in 1966. Of course, if you take 1966 as a base, it is impossible to conceive of anybody running a country as badly as China was run during the cultural revolution, which began in that year. So you can say that there have been improvements. And of course, we want to encourage such improvements. But to argue that already we are dealing with a country which is friendly in the normal sense of the term, or run along lines which we would like to encourage with economic assistance, is pure fantasy, as far as I am concerned. That is the basic comment I would like to make this morning.

The PRC economy is still virtually an incentiveless system. It is totalitarian. It subordinates all people, all purposes, every economic activity, to arbitrary political control. The private plots that are allowed to be used by peasants are not examples of progress toward more freedom in China. They are exactly the same kind of very tiny private plots that are allowed to be used in the Soviet Union by the Soviet peasants. This is part of the Communist system. They do not own the land. It can be taken away from them; their right to use it can be taken away from them at any time. It has been, several times, in both Russia and China. So I do think it is a little bit misleading to suggest that somehow, this emphasis on "private plots" is moving toward a free enterprise or progressive or democratic system.

Heaven knows, the Chinese people need help, and I am very sympathetic with them, and I think we should try to help them, but not in ways which will perpetuate their enslavement in an economic system and a political system that simply does not work. It does not work anywhere in the Communist world, and it works probably worse in Communist China than in any other country.

So if we think of Public Law 480 aid as helping a country move along a path that makes sense for it, I should think we should

extend that help at the point where the Communist Party of China is frankly admitting the bankruptcy of its economic policies and moving toward a more open society and free enterprise system. I do not think anybody can honestly say that is happening today, and in fact, in the past year, many of the steps which were considered possibly openings toward a looser society, a freer society, have been canceled, and the direction is in the contrary, toward tighter control. More than that, the relationship with the United States which was always, in my view, one of opportunism and expediency, a very narrow common strategic interest, is now beset with quite a few very serious turbulences, complications, difficulties, caused by the regime in Peking. So it is stretching it a bit in my view to call it friendly, while it is certainly stretching it a long way to call it nondictatorial.

Even if we provided the kind of aid that you were speaking of, say, $50 million a year or something of that sort, it is very questionable to me that such a humanitarian gesture would result in any major improvement in the agricultural economy, and I question very much whether it would even filter through the Communist Party bureaucracy to reach the 800 million people living at subsistence level. My figures are that there are 39 million members of the Communist Party, a little less than the 50 million that Assistant Secretary Shoesmith has mentioned, but that is a pretty big bureaucracy, and they do control the system. I do not know how many non-Communists get into the universities—certainly not very many—but I assure you that very few of them get into the bureaucracy and control anything.

So, despite 30 years of Communist promises and rather extravagant claims—which are often credited in this country, almost as if they were real, because we have a kind of romantic feeling about China, which I tend to share, the economy is still a failure. I would like to see China be a great success, because in its past, it had a great civilization as a base, and we see in the Island of Taiwan and in Singapore and Hong Kong, a British colony, that the Chinese people under a free enterprise system perform miracles. They are absolutely marvelous in developing the standards of living of their people in these particular areas, especially the Republic of China on Taiwan, which has 18 million Chinese citizens. In Taiwan they have approached a political society which is indeed moving very much toward elections, toward free advocacy of ideas, as well as toward a private enterprise economy. Within the confines of the martial law which they must maintain, because of the continuing danger of Chinese Communist attacks on Taiwan, I think we have a relatively open society in a Chinese system. That is what I would like to see on the mainland. And I think that if you are going to give aid to the People's Republic of China, we should do it when we have some reason, some quid pro quo benefit to expect, with respect to Chinese mainland movement toward the evolution which we have seen take place in the Republic of China on Taiwan.

We have in Taiwan a laboratory example of a developing system that has thoroughly Chinese cultural values but has opened up to the free enterprise concepts of the Western world. Its agriculture, as you know, is a marvel of ingenuity and technology. When the People's Republic of China moves in that direction, I am for help-

ing them a great deal. At the moment, they are certainly not moving in that direction.

I wanted to add a few additional thoughts. The model of agriculture and economics that is being followed on the mainland has been a failure in every part of Asia, as well as a relative failure in the Soviet Union which has difficulty feeding its people. Today we have the remarkable phenomenon of the United States mainly supplying the surplus which makes it possible to feed both Communist China and Communist Russia. If our grain were not available, their rations would be very thin. There may be reasons to do that, but as I say, I think we ought to be trying to persuade people who receive our largesse in this way to move in a direction which will create an international environment that we can live with and trade with and see as a comfortable situation for all the nations around who want peace and stability. I do not believe that is true of either the Soviet Union or the People's Republic of China today.

Therefore, I would say that removing the PRC from the prohibited list under the Public Law 480 Act is a signal that is being sent at the wrong time. It is simply the wrong signal to send in our relations with the PRC at this juncture.

Let me give you a few more reasons, because in addition to the economic and structural problems, I understand that the law, Public Law 480, requires that agricultural assistance go to friendly countries not dominated or controlled by any world Communist movement. Well, you may indeed argue that the People's Republic of China is a very unsuccessful world Communist movement. It has tried to expand into Asia, into Africa, into Latin America, and has had comparatively little success, at least compared to the Soviet Union, which has run pretty wild in these areas. But the PRC is actively in competition with the Soviet Union for influence in every part of the so-called Third World, and it is in competition by trying to establish Communist Parties loyal to Peking which will encourage revolutionary activity against the established governments, trying to overthrow such governments, and to encourage guerrilla warfare and terrorist activities to destabilize the regions. Now, the limited power that the Chinese Communists have to communize the developing nations is not in my mind a reason for saying that they are not a world Communist movement. They have tried very hard, they are continuing to try, and to the extent that we give them economic aid, which relieves them of burdens that they could use for military or political conspiratorial purposes, I think we would indeed be assisting a world Communist movement, the People's Republic of China.

I must say again, I doubt that the Communist regime in Peking would deny that it is a world Communist movement. I think they would be a little insulted if we told them they were a third-rate local Communist outfit. They consider themselves, in classical Chinese style, the central kingdom, the center of the world, and they see their model, the model of Communism, based on Mao Tse-tung's thought as the flag around which all countries will eventually rally, just as the Soviet Union considers the Leninist model the one.

So both of those countries are one-party Communist dictatorships and bureaucracies, competitors for leadership of the world Communist movement. I really think it is ridiculous to say anything less.

Now, I consider that Peking can be demonstrated not very friendly to us in another very practical way, just from the current diplomatic situation, which the State Department did not seem to bring up in their testimony. Peking is now constantly, in the past year, threatening to downgrade diplomatic relationships with the United States unless Washington agrees to cut off Taiwan's access to all military weapons, even including the spare parts of the weapons which we have provided them in the past. The object is plainly stated, to force Taiwan's 18 million unwilling Chinese citizens who want to remain non Communist because they are living in a prosperous and relatively open society to become a subordinate political entity under the Government of Communist China.

The pressure is very severe on our Government to force Taiwan to return to the mainland, which means returning to the embrace, not necessarily very tender, of the Communist Party of China and the Government of the People's Republic of China. Now, we have, in the postwar period, Mr. Chairman, tolerated the movement of a number of large areas and large groups of people into the block or association of Communist states, most of them dominated by the Soviet Union, a fact which we generally deplore. I am not aware that we have ever forced any group of 18 million people against their will to become part of a Communist state, and I do believe that that is the requirement which Peking is putting on us in demanding that we stop military aid to Taiwan despite the provisions of the Taiwan Relations Act of 1979, passed by the Congress, assuring the security of the Chinese people on the island of Taiwan.

In addition to being remarkably intransigent over this matter of our relations with Taiwan, which we perpetually continue to discuss in Peking, as if our policy toward Taiwan should be determined in Peking rather than in Washington, the Government in Peking has been giving us a hard time in other respects. They have criticized American moves to resist Soviet and Cuban revolutionary adventurism in the Caribbean; they have protested our efforts to stabilize El Salvador; they have denounced our position on the Falkland Islands issue just a few days ago; they refused to condemn Poland's one-party military dictatorship under Jaruzelski. We sent a mission, as I understand it, from the State Department to ask Peking to join us in condemning the Polish repression, and instead, the idea was rejected, and the People's Republic of China sent a substantial amount of food aid to the Government of Poland under General Jaruzelski. The U.S. Government was urging everybody to boycott the Jaruzelski government. Are we proposing to send food to Communist China, which might then be transshipped to Poland today?

I think that the timing of this particular proposal is remarkably poor in the light of Peking's new hostility toward our goals in world affairs.

Now, it is true that we have a certain common interest with Communist China. It is a single interest, in my view. We both do not like to see the Soviet Union get stronger. It is a coincidence in many ways that we have that common interest. The reason it has

been so prominent in Chinese statements recently is that they are frightened of the Soviet Union, which is on their border. That does not, in my view, equate to mutual friendship. Insofar as the Chinese Communists help us in restraining Soviet expansion, of course, they are on our side with respect to the Soviet Union. But as I have just indicated, they do not seem to be on our side with respect to much else. I promise you, on the basis of all historical evidence, that these kinds of single-interest relationships do not make two countries become friends when they have totally different social, economic, political systems and sharply divergent regional objectives, as ours are in contrast with the People's Republic of China.

I would like to make a couple of additional points, if I am not going on too long, Mr. Chairman.

The CHAIRMAN. You go right ahead.

Dr. CLINE. I think it is a myth perpetrated by the administration of President Carter and inexplicably continued into this period by the proponents of the 1978 tilt toward Peking, that PRC top officials are or even claim to be basically friendly toward the United States. The Chinese Communist Party runs China; the formal governmental constitution, which is now being revised, means almost nothing. The Communist Party constitution that establishes the goals of the PRC has a provision in it, passed fairly recently, August 18, 1977—4 days before the arrival of our Secretary of State to carry the word that we wanted to be friendly with China—and that provision in the constitution is: the Communist Party "unites with the proletariat, the oppressed people and nations of the whole world and fights shoulder to shoulder with them to oppose the hegemonism of the two superpowers, the Soviet Union and the United States, to overthrow imperialism, modern revisionism, and all reaction." We, of course, qualify under both imperialism and reaction, in Chinese Communist thinking.

Prior to the adoption of this constitution, the then No. 1 leader and Prime Minister, Hua Kuo-feng, explained to his party friends that the United States, which was being cultivated to protect China from the Soviet Union, was the less dangerous of the PRC's two enemies. He said, quote, "The Soviet Union and the United States are the source of a new world war, and Soviet social imperialism in particular presents the greater danger." Then, quoting Lenin, he continued, quote, "The more powerful enemy can be vanquished by taking advantage of every, even the smallest, opportunity of gaining a mass ally, even though this ally be temporary, vacillating, unstable, unreliable, and conditional."

I do not think that is a particular flattering chain of adjectives to be applied to the United States, but clearly, this was what he was explaining to his own party. That the PRC considers itself a true or in any way reliable ally of the United States, simply because it fears the Soviet Union more, is to me a myth that ought not to have the credence in Washington that it does today.

There is a final point that I believe is very important, sir—and maybe I will have to refer to some of my own writings. I regret to do that, but I picked up papers rather hurriedly this morning.

The CHAIRMAN. Well, I would say that is an excellent source.

Dr. CLINE. Thank you, sir. I will submit this to your committee, if I may, the whole article.[1]

What I wanted to point out is that when we look at the backward situation in the People's Republic of China, in fact, in all of the Communist Asian states—North Korea, Vietnam, Kampuchea, Laos—where the standard of living is extremely low, with grinding poverty, great political oppression, and in Southeast Asia, full-scale warfare going on by proxy between China and the Soviet Union, we ought to compare that with a region in which we do have friendly and, I think, productive interests.

The phenomenal industrial development of Japan, South Korea, and Taiwan and of the whole chain of West Pacific states, taking what the Chinese Communists used to call contemptuously, "the capitalist road," has been remarkable. The trade is extensive. There are genuine interconnections with the United States and with the other Pacific states. Long-range business commitments are being made, even with Europe. Multinational investments, bilateral trade and banking arrangements, and increasing contacts around the world are creating a growth of regional interdependence, as well as multiple links with the United States, that is increasing our strength and the strength of the free world in the West Pacific.

I think the Pacific community of 10 nations, including particularly Japan and South Korea and Taiwan, the newly industrializing nations, is the area in which we ought to insure absolutely friendly relationships, because that is an area of economic growth and prosperity within the international trading system and the free enterprise system which is strengthening our total worldwide position vis-a-vis the Soviet Union. For example, the standard of living per capita in Australia and Japan is almost as high as in the United States. Taiwan has a per capita income of $2,720—very high by Asian standards, and certainly curiously in contrast with the People's Republic of China, which after 30 years of developing a Communist system on the mainland, has a per capita income of less than $300 per year.

Since these goods and services are being produced in a system that we can link with, can identify with, I think it is very important for us to work with those nations and hold up their example to the bankrupt Communist systems on the mainland. The economy of Taiwan is the irrefutable demonstration that Chinese societies can forge ahead rapidly in economic development. It is a free enterprise system. It is a constant reproach to the PRC, as some Chinese Communists have had the courage to admit in recent years. There, the standards of living have not lifted much, if any, above the levels of 25 years ago.

Now, on behalf of the Republic of China on Taiwan, President Chiang Ching-Kuo, who has managed this economic miracle, has made clear that unification with the mainland is an objective of the Chinese people everywhere, but that it can come only when freer economic and political processes than now exist come into being in the PRC. President Chiang has welcomed the continuing security guarantees from the United States of the Taiwan Rela-

[1] See p. 44 for the article referred to by Dr. Cline.

tions Act of 1979, and always says that in case of any war in the Pacific, Taiwan bases and facilities are available to U.S. military forces regardless of who the enemy may be. That is what I call real friendship.

I suggest that if the favorable trends in Taiwan and the rest of the Pacific community, particularly Japan and Australia, persist and grow, the balance of power will shift in a direction advantageous to the United States, and if our luck holds, we will see the Pacific Basin turn East Asia into a zone of stability beckoning to the Communist five nations on the mainland to turn gradually toward trade and a good relationship with these open societies.

Now, that is good news, and I think it would be shocking for us to signal to the People's Republic of China that the very limited moves that they have made to ameliorate some of the hardships of their very retrogressive economic and political system on the mainland have won our approval. I think they have not yet faced their basic problem, and they might, if we lead them in the right direction.

I do not know why the government in Peking is now distancing itself and behaving so coolly toward Washington, but it is. The past few months have seen a real harshness and an abrasiveness in our relationship, solely instigated by Peking. It probably is for internal political reasons, some kind of competition between the different leaders to show how tough they are on capitalists in general.

In any case, the threatening of diplomatic reprisals against the United States is something that any self-respecting nation should not accept and particularly not accept with gestures of friendship and concessions of a positive and specific kind, like economic assistance. The attitude that Peking is now showing us is not friendly. As a matter of fact, their attitude is basically blackmail. They are trying to get us to help them do what they want in Asia, rather than being friendly toward the peace and stability which is our objective in the area.

Therefore, I hope we will wait until there is some sign that China can be reunited, as I think it will be some day, on the basis of the principles of a free political and economic society, and that we should not in any way disturb the pressure on the society of the People's Republic to reform itself and move toward a model more generally in the interests of its own people.

Thank you very much.

The CHAIRMAN. Dr. Cline, of course, I agree with you, but I would think that even those who may not agree with you would have to acknowledge that you have given a scholarly and logical statement, which I very much appreciate. And I am going to ask staff to get me a transcript of your remarks, because I think they ought to be circulated as quickly as may be possible to all Senators.

Dr. CLINE. Thank you very much, Senator. I would be delighted to help them put it together.

The CHAIRMAN. Well, it was just excellent, and I appreciate your coming. Now, let me ask you just a few quick questions, because you have been here all morning, as have we.

You are a student of China, and you have written extensively on matters of durable strategy. Is the People's Republic of China a credible modern military power?

Dr. CLINE. My view, Mr. Chairman, is that China is not a credible modern military power. It is a military power along the lines of ancient oriental despotisms which have existed for a long time. It has a 4-million-man army, mainly unable to move very far from its garrisons. The strength of China, any China in history, has always been that it is so big and has so many people, 1 billion people now, that no government in its right mind would try to conquer all of China. I call the People's Republic of China "strategically indigestible," and that is a strength which will prevent the Soviet Union from attacking it. But it does not mean that the Chinese army is able to move against the Soviet Union, that it could assist us materially in any way except defending China if there were hostilities, nor that it is able to absorb the kind of technology which would make it a really valuable military ally.

The CHAIRMAN. I was distressed—that is probably not the word, but I will use it anyhow—to hear the semantics earlier this morning in purported refutation of the suggestion that the People's Republic of China is a dictatorship. But I hope that we have not reached the point in our foreign policy that can be defined as such that we are no longer interested in a coalition in the Pacific Basin to deter Communist expansion.

Now, just for the record, what would you recommend, if you could push a button and your policy would be implemented; what would you suggest we do?

Dr. CLINE. Worldwide, Mr. Chairman, or in Asia?

The CHAIRMAN. I am talking about the Pacific Basin region.

Dr. CLINE. Yes, sir. I recommend that we take a positive, but not dominating role in encouraging the nations, non-Communist nations, all around the rim of the Pacific to develop a community spirit mainly for the purpose of exchanging economic goods and services, but also for consultation on the common security interests, so that we could reach the point in the Pacific, with American moral support and perhaps some economic support, that we reached in the Atlantic about 1948 or 1949, when we began talking seriously of an Atlantic community. Whether we want to go on to develop institutions and military cooperation is something that I would leave strictly to the Pacific States. I doubt that they really want to do that at this time. But they need the coherence that would come from having an informal, voluntary association or quasi-alliance, because they all are aiming at the same purpose. They do not fear the United States. They want us to back them up. They do not want us breathing down their necks. They do fear the Soviet Union. They fear the People's Republic of China. And I think this is a magnificent opportunity for us to help develop a creative Pacific community, a coalescence of common interest that would go a long way toward tilting the balance of world power back to the free world and the free enterprise system, which these Asians are really keen on, and very good at, too. They can help us, perhaps, correct our overemphasis on the frozen military situation in Western Europe and see things in a genuine global perspective.

The CHAIRMAN. Well, we had going for us in Latin America pretty much what you are describing as your suggestion for the Pacific Basin region, and I just hope we have not blown it. Now, anybody who says one word of understanding about Argentina is im-

mediately branded as anti-British, which is not true, of course. I am pro both of them, and I cannot think of a worse set of circumstances than has developed down there, and it need not have happened. And I have not been made privy, nor has any other Senator, to my knowledge, of precisely what the details of the U.S. negotiating role have been, but it seems passing strange to me that Mrs. Thatcher was saying, "Well, sovereignty is not the real question; self-determination is," and Argentina has said, "If we can get the sovereignty question somewhere down the line, we will back off." But why in the world we could not at least get those two parties together on what seemed to them to be the fundamental question—so I anxiously await the details of how we "negotiated" in that matter, and in the meantime, I just hope we have not destroyed that coalition that you are talking about.

Dr. CLINE. Yes, sir. I hope so, too. I certainly see the relevance of your remarks. I am afraid we have rather in the past 10 years neglected our friends both in the Pacific and in Latin America, and have a good bit of homework to do to encourage them to create this community spirit and cooperate with it in the way that I have described. We have not succeeded in recent times in Latin America any better than in Asia, and I suspect that is why we have not been such brilliant mediators in this most unfortunate Falkland Islands crisis.

The CHAIRMAN. I do not know whether we can include the media in what has happened, but the American people apparently do not understand even yet the foreign policy where we have in fact demanded almost perfection of our friends who are anti- or non-Communist, while being unwilling to say, publicly or otherwise, that Red China is a dictatorship. This is the anomaly that just bewilders me in terms of foreign policy. But I did not mean to get afield on that.

What signal do you think this Public Law 480 signal will send around the world, and particularly with respect to the Pacific Basin?

Dr. CLINE. I think it would signal that the United States is desperately weak in its capabilities to cope adequately with the expansionist power of the Soviet Union, so much so that we would kowtow, really make unrequited concessions to Communist China, simply because it is anti-Soviet. The world is full of anti-Soviet nations with many common interests with us. I have no wish to punish the People's Republic of China or reject any cooperation they want to give us in opposing the Soviet Union, but I see this signal as kind of a scraping up of some appeasement gesture to show that we really are counting on the People's Republic of China in a strategic way that I think is quite fantastic and will prove to be unrewarding.

The CHAIRMAN. Now, you heard the testimony this morning when I inquired about subversive activities. I should have broadened my question, I suppose. What about the Red Chinese activities in Africa and Latin America?

Dr. CLINE. Well, they have been very extensive in the past, Mr. Chairman. As in many other questions that you posed, what you got was the statement, over and over, that, "Well, things are not as bad as they used to be." And that is true. The Chinese Communists

have run out of steam—run out of money is what they have run out of—and they have also run out of political unity in their own government, so that they cannot quite agree on how to conduct subversive and revolutionary activities in many countries. But they still have representatives, intelligence and propaganda representatives in almost every country in the world, and they are very active in some of the African countries, some of the Latin American countries. And of course, as was pointed out in the earlier testimony, they have an active program of broadcasting and moral support at a minimum for the Communist Parties of Burma, Malaysia, Thailand. The decrease in the support is clearly an opportunistic gesture to try to ease relations with the governments which they are trying to overthrow, but it is not very persuasive to me. And it is necessary, I think, perhaps to remind ourselves, since our historical memory is so short in this country, that in 1965, I believe it was, the Government of the People's Republic of Communist China staged a massive revolutionary effort in Indonesia, with the result very nearly of overthrowing that Government, and with a civil war ensuing in which several hundred thousand people were killed. It set back Indonesia in relations with Peking a long way, and they are still strained as a result. But that was a classic attempt to set up a Communist dictatorship by internal revolution supported by the People's Republic of China. I suppose also, we should remind ourselves that the People's Republic of China is not averse to military operations. They are often mentioned as being extremely peaceable, which they are, when they are not able to gain objectives by military means, but they did attack India in 1962, and they of course were the mainstay of the fighting in Korea in the early 1950's, and they provided the initial incentive and most of the initial arms and a great deal of the logistic support, working with the Soviet Union—it supplied the heavy military equipment—to defeat American and South Vietnamese forces in Vietnam. Now, maybe their minds and attitudes have all changed since then, but I think we should at least be cautious in protecting the interests of the Asian states which we do have some common ties with, rather than assuming that the People's Republic of China has become benign in its relationship with us and our Pacific allies.

The CHAIRMAN. Senator Hayakawa filed with the Foreign Relations Committee, of which both he and I are members, a report on his trip to the Southeast Asia area. This is dated March 1982, and staff has just laid before me a copy of it, in which Senator Hayakawa says, in part,

> I found that the Indonesian government perceives the threat from China to be more immediate than that from Russia. They do not consider that danger to be primarily miiitary or physical, but foresee the possibility of their institutions being undermined through subversion.

I am sorry Senator Hayakawa is not here; I would like to hear him comment further on that.

Dr. Cline, if I may impose further on you, let me, if I may, file some questions in writing, and if you would respond, I would like to make them a part of the record.

Dr. CLINE. By all means.

The CHAIRMAN. I do appreciate so very much your coming here this morning.

Dr. CLINE. Thank you very much, Mr. Chairman. I think this is a very important issue, and perhaps I could conclude by one remark, based on my 40 years of studying Chinese behavior and the international scene. I believe that if we want the respect and cooperation of the Chinese officials in Peking, that we should deal with them in a self-respecting way, not make unrewarded concessions, and not give the impression that we are always going hat-in-hand, looking for some token gesture of good will to give them so that they will not be quite as unpleasant to us as they have been in the recent past.

The CHAIRMAN. I thoroughly agree.

Without objection, certain insertions will be made in the record, and perhaps corrections in the order of the testimony.

If there be no further business to come before the committee, we stand adjourned. Thank you very much.

[Whereupon, at 12:25 p.m., the committee adjourned, subject to call of the Chair.]

APPENDIX

[Questions submitted by Senator Helms to the Department of State and answers thereto:]

POLICY BACKGROUND

(1) Question. What is the background for this policy initiative? Would you explain to the Committee how PL-480 treatment for Red China was developed in the Administration?

Answer. Athough US-China relations have advanced steadily since the signing of the Shanghai Communique in 1972, in some respects our legislation contunues to reflect an earlier time when our relationship was one of nearly total antagonism. This disparity between our legislation and our foreign policy has been a not insignificant irritant in our relations with China, since it calls into question our good faith in dealing with China as a friendly country.

As part of an overall review of our China policy last year, the President authorized Secretary Haig to inform the Chinese that we were reviewing all legislation that prohibits cooperation by the Government or private industry with China due to its earlier association with the Soviet bloc and that we would seek appropriate Congressional action to end past discrimination no longer consistent with our present strategic relationship. Secretary Haig, during his visit in June, 1981, informed Chinese leaders of the President's decision.

With respect to PL-480, the law is presently unclear whether China may be designated a friendly country. The definition of "friendly countries" included in section 103(d) of the Agricultural Trade Development and Assistance Act does not appear to bar China from eligibility. However, the legislative history accompanying the Food for Peace Act of 1966 mentions China and the Soviet Union as countries eneligible for designation as friendly countries.

In order to resolve this ambiguity, Secretary Haig wrote to the Chairmen of the Senate Agriculture and Foreign Relations Committees and the House Agriculture and Foreign Affairs Committees requesting concurrence in the Administration's view that China was not barred from designation as a friendly country so long as the Executive Branch was able to determine that China satisfied the criteria set forth in the statute. The replies from Senator Helms and Senator Percy expressed the opinion that if the Administration wished China to be made eligible for participation in PL-480 programs, a legislative amendment should be submitted. Accordingly, we have included Section 108(b) in S-2227 in order to remove any ambiguity which may exist concerning China's eligibility.

(2) Question. Was PL-480 treatment for Red China discussed at the NSC meeting (on June 4, 1981)?

Answer. Not specifically, since it was not known at that time which laws prohibited cooperation with China on the basis of association with the Soviet bloc.

(3) Question. Did Secretary Haig discuss PL-480 sales when he visited Red China last year?

Answer. No. He informed the Chinese of the President's decision. Chinese leaders welcomed the decision as an important indication that the President intends to treat China as we do other friendly countries and to end out-dated discriminatory restrictions on our relations.

(4) Question. Are PL-480 grain sales being discussed by Vice President Bush in his current visit to Red China?

Answer. No. The Vice President will restate the President's commitment to seek amendment of laws which anachronistically group China with the Soviet bloc and are not consistent with our current strategic relationship.

(5) Question. Would you give the Committee details about the State Department review of legislation which relates to trade with Red China?

Answer. In order to carry out the President's decision, the Department of State chaired meetings of an inter-agency group to review laws which prohibited cooperation with China because of its earlier association with the Soviet bloc and that were no longer consistent with our present strategic relationship. The group did not address laws which were based on China's status as a non-market economy country. For example, we did not seek amendment of the requirements of the Trade Act of 1974 concerning GSP eligibility. Once the recommendations of the group were approved, Congressional consultations were held in the fall of last year and legislative proposals were prepared.

(6) Question. Why does the State Department want Red China to qualify for PL-480 treatment?

Answer. U.S. policy reflects the fact that we consider China to be a friendly country with which we are not allied. Our objective is to build upon the substantial progress already made toward establishing a normal and stable relationship between the two countries.

The President's decision to seek appropriate amendment of U.S. laws was designed to move toward treating China as we treat other friendly countries with which we are not allied. The amendments are designed to bring our laws into line with our critically important relationship with China.

RED CHINA AND COMMUNISM

(1) Question. What is the official ideology of Red China?

(2) Question. Does the Red Chinese Communist party believe in the writings of Karl Marx? Of Frederick Engels? Of Lenin?

(3) Question. What is the current status of Maoism in the Communist Party of Red China?

(1-3) Answer. According to China's new draft constitution, China is a socialist country "which integrates the universal truth of Marxism-Leninism with the concrete practice in China" in order to carry out "socialist modernization." However, Chinese theorists realize that they are encountering serious problems for which Moa's and Lenin's writings are inadequate. This has led to pragmatic experimentation with a variety of approaches. Initiatives along this line include an important role for the market economy, some government decentralization, material incentives, and encouragement and protection for foreign investment.

Also of interest, the new constitution downplays class struggle, which was a prominent feature of "Maoism" and the Cultural Revolution. It reassures the people that inside China classes, like capitalists and landlords, have ceased to exist, a change that thereby reduces the possibility Chinese will be charged with having the wrong class background.

Mao's pre-1949 revolutionary role as a strategist and political leader are widely recognized in China, but the Maoist ideological approach to modernization, such as his emphasis upon mass movement tactics of class struggle, extreme egalitarianism, communes, etc., has been discredited. Moa's post-1949 theoretical writings have largely disappeared.

(4) Question. How does the current ideology of the Red Chinese Communist Party differ with that of the Soviet Communist Party?

Answer. Differences in Soviet and Chinese ideology over the past few years include the following:

Internationally, the Chinese focus on the independence of each party and country in its search for realizing socialism. Consequently, unlike the Soviets, who emphasize there must be unity in any interntional action undertaken by Communist parties, the Chinese do not advocate international joint action or policy coordination.

Internally, the new Chinese constitution provides a role for non-Communist groups, although this is of a limited nature, and state power remains under the "peoples democratic dictatorship led by the working class and based on the worker-peasant alliance." In addition, Chinese minority policy is to be based on the "peculiarities of the minority nationalities so as to provide co-prosperity for all nationalities." The Soviets, on the other hand, do not consider non-Communist groups in their pronouncements on internal policy, and their minority program emphasizes assimilation.

Economically, China has been looking for pragmatic, non-ideological solutions to problems—"seeking truth from facts." China, for example, is now experimenting with new modes of political and administraive organization and in the countryside has revived the township to replace the commune. The Soviets, on the other hand, appear committed to solving problems through more orthodox, traditional Commu-

nist means, as KGB Chief Andropov made clear in a recent speech marking Leonid Brezhnev's first public appearance in a month.

(5) Question. What Communist Parties does the Communist Party of Red China currently have relations with? Which parties have they had relations with?

Answer. The Chinese Communist Party maintains relations with the Communist Parties in the following countries: Burma, Malaysia, Indonesia, Philippines (Marxist-Leninist), Thailand, North Korea, Australia (Marxist-Leninist), Romania, Yugoslavia, Spain, and Italy.

We are still researching the second part of this question on past Chinese relations with other Communist parties and will provide you that information as soon as possible.

(6) Question. Has the Communist Party of Red China provided terrorist organizations such the PLO, so-called liberation movements in Africa, Latin America, and the Pacific Basin region with assistance? Military assistance? Training?

Answer. China provides some support to Fatah, the mainline Palestinian Liberation Organization group, and to the Pan African Congress (PAC), the rival of the Soviet-backed African National Congress in South Africa. China maintains good relations with all the major countries of Latin America and the Pacific Basin region and does not provide military assistance or training to so-called liberation movements in those areas, although it does maintain relations with the Burmese, Thai, and Malaysian communist parties, which do oppose the governments of the countries in which they operate.

(7) Question. Is the Communist Party of Red China conducting relations with any terrorist or liberation movement?

Answer. Beijing has relations with the Palestine Liberation Organization, some of whose member groups use terrorist tactics, and with the PAC.

(8) Question. What are the current relations of the Communist Party of Red China with Communist parties—ruling and non-ruling—revolutionary movements, and workers parties in Southeast Asia and in the Pacific Basin?

Answer. China has sought to improve government-to-government relations with the countries of Southeast Asia and evidently has reduced the level of material support provided to Southeast Asian communist parties, such as the Thai, Malaysian, and Burmese. The major exception is in Kampuchea where China views the Khmer Rouge opposing the Heng Samrin government as part of a broader effort to prevent Soviet-Vietnamese expansion to the south. Beijing has announced its hope that all the Khmer resistance forces will form a coalition and has indicated its willingness to continue to support both Communist and non-Communist Khmer resistance forces against Vietnamese occupation of Kampuchea.

China does not maintain ties with the Japanese Communist Party (JCP), but does with the North Korean Communist Party. Beijing recognizes the government in Pyongyang, not Seoul but has developed economic contacts with South Korea and may be interested in pursuing cultural and sporting contacts.

See also question 5.

(9) Question. What types of subversive activity is Red China engaged in today in the Pacific Basin Region?

Answer. Chinese party support of insurgents operating aginst ASEAN nations has decreased considerably. Beijing does support anti-Vietnamese resistance forces in Kampuchea and, as already noted, these include non-Communist forces opposed to the Soviet and Vietnamese-backed Phnom Penh regime. As far as we can determine, China today is not engaged in subversive activities in the Pacific Basin.

(10) Question. Does Red China consider itself to be a member of a world Communist movement?

(11) Question. Does Red China today consider itself to be a leader of a world Communist movement.

(12) Question. Does Red China today consider itself to be a leading member of a world Communist movement?

(13) Question. Does Red China and its Communist Party believe it is no longer necessary for them to aim toward assisting Communists to take over the world?

(10–13) Answer. China is of course a socialist country but does not identify itself as a member or the leader of a world Communist movement, nor does it profess a goal of world communist domination. China considers itself a leading member of the third world. Its positions largely reflect its concern over Soviet expansionism rather than ideology.

RED CHINA AND THE UNITED STATES

(1) Question. What is the rationalization for detente with Red China?

Answer. We consider relations with the People's Republic of China to be a critical element in regional and global peace and stability. China is a country with which we share important strategic and other interests. It is basically friendly, although non-allied. Our present friendly relations with China grew out of our mutual perception of the Soviet threat. Normalization of relations has brought rapid expansion in our economic, scientific and cultural ties beneficial to both nations. Coincident with the return to good productive relations with one quarter of the world's people, China has taken an increasingly active and productive role in world fora, and tensions in the Taiwan Strait are at a thirty-year low.

(2) Question. Do you believe that the cold war is over?

Answer. Our perception of world events has changed significantly since the height of the period know as the "cold war." China's policies are not the same, and we no longer regard China in the same manner as we did in the 1950's and 60's. While neither we nor the Chinese seek a relationship as allies, China has for some time been a major, favorable factor in our strategic planning. This was not the case during the cold war, and our perception of China has changed accordingly.

(3) Question. Does Red China and its Communist Party believe that it is no longer necessary for them to aim towards assisting communism to take over the world?

Answer. Refer to answers 10–11–12 under "Red China and Communism".

(4) Question. What is the military value of Red China as a deterrent to Soviet imperialism?

Answer. The People's Republic of China has a large and slowly modernizing military force, which currently ties down on China's northern border between 25 and 30 percent of all Soviet forces worldwide. These Soviet forces could be deployed elsewhere in the world against our allies and friends if they were not tied down by the Chinese. This is a major favorable strategic factor for the U.S., significantly affecting our force deployments in Asia. In addition, China actively opposes Soviet and Soviet-backed aggression in Afghanistan and Kampuchea, tying down 280,000 Vietnamese troops on its southern border which would otherwise be free for use in Kampuchea or to threaten Thailand. China shares a community of strategic interests with the U.S. based on a similar perception of the Soviet threat. These interests, among others, include support for the U.S.-Japan defense relationship, stability on the Korean peninsula, support for the Rapid Deployment Force strategy, and parallel security commitments to Thailand and Pakistan.

(5) Question. How can Red China be a credible deterrent if it lacks a fully modern military power?

Answer. China's military power, like its economy, is a contrast of modern and backward features. The very size of the standing army of some three and a half million men causes concern to the Soviets even at its current levels of armament. China's strategic capability, although not as sophisticated as the Soviet Union's, is a significant military factor because Moscow cannot be certain that a pre-emptive strike would eliminate all the Chinese nuclear weapons and that some would not still strike key targets in the Soviet Union. China is modernizing its military capabilities, largely through indigenous efforts, but with the importation of certain key items and technologies from the West.

(6) Question. How can Red China be a credible military power without a modern industrial base?

Answer. China is working hard to modernize its industrial base, which already supports indigenous production of conventional weapons such as aircraft, tanks, missiles, small arms and munitions in sufficient quantities to establish China as a credible military power in its own right, even excluding its developing nuclear capabilities. As China's industrial base continues to modernize, its military capabilities will also grow.

(7) Question. What do you estimate the capital requirements are to make Red China a modern industrial power?

Answer. No reliable estimates exist that answer this question. China plans to attract foreign investment and concessional loans, as well as spend its own resources, to finance modernization. China has limited absorptive capacity, however, and has kept foreign debt low while cutting back on its own uncoordinated and often wasteful investment spending.

(8) Question. Do you believe that Red China will forge an alliance with the Soviet Union if favorable terms were available?

Answer. China regards the Soviet Union as the greatest threat to world peace, a perception we share. Should the Soviet Union cease its agressive behavior, China's perception of the threat, as well as our own, would undoubtedly change. In effect, the scenario in which we now operate would have fundamentally changed. For the foreseeable future, there seems to be virtually no prospect for such a change. This

would not, however, preclude marginal improvement in peripheral, non-political areas as trade and exchanges.

(9) Question. How will a closer relation with Red China affect the U.S. relation with Taiwan?

Answer. Since normalization of relations between the U.S. and the People's Republic of China, the unofficial relationship between the people of the United States and the people of Taiwan has flourished. Trade in 1978 between the two stood at $7.4 billion. It reached $13.4 billion in 1981. A closer US–PRC relationship should not affect this trend in any way. Interchange between Americans and the people of Taiwan also continues at a lively pace and the number of visitors and contacts have continued to expand.

RED CHINA AND AGRICULTURE

(1) Question. What is the current state of Red Chinese agricultural production?

Answer. China's agricultural sector has improved dramatically in the past 3–4 years and, according to official Chinese statistics, it also performed well in 1981. The gross value of agricultural output rose 5.7 percent (compared to 1980's growth rate of 2.7 percent) to about $154.1 billion. Grain production rose 1.4 percent to 325 million metric tons (mmt), the second best grain harvest since 1949. Cotton production reached a record 2.97 mmt. Production of oil-bearing crops increased 33 percent, while forestry production rose 4 percent. Animal husbandry and fishery grew by 6 percent over 1980 levels.

(2) Question. Why does Red China need PL–480 treatment?

Answer. China is basically self-sufficient in food production. We do not intend to initiate PL–480 programs for China.

(3) Question. What is the Red Chinese ability to pay for agricultural imports on a cash-and-carry basis?

Answer. Nearly all of China's purchases of agricultural exports from all suppliers (including the U.S.) are on a cash basis. China does have short-term credit arrangements with both the Australian and the Canadian grain boards. The interest rate on these credits probably approximates the market rate. Since at least last year, China has avoided high interest rates by making its Canadian and Australian purchases on a cash basis.

(4) Question. If Red China cannot provide for its own agricultural development, how can it become a modern industrial power, that would deter the Soviets from imperialism?

Answer. China has attained basic self-sufficiency in food production. In recent years it has increased its agricultural imports from the West for two reasons:

(1) To improve living standards. The inadequacy of China's transport system has meant that the government finds delivering imported grain directly to the eastern cities cheaper than moving large amounts of crops from the eastern province.

(2) To improve agricultural efficiency. Food imports have allowed the government to shift more acreage into cash crops in areas where climatic and soil conditions favor non-food or non-grain crops.

(5) Question. If the State Department has "no plans" for giving PL–480 grain to Red China then why should State seek to have Red China qualify?

Answer. U.S. policy reflects the fact that we consider China to be a friendly country with which we are not allied. Our objective is to build upon the substantial progress already made toward etablishing a normal and stable relationship between the two countries.

The President's decision to seek appropriate amendment of U.S. laws was designed to move toward treating China as we treat other friendly countries with which we are not allied. The amendments are designed to bring our laws into line with our critically important relationship with China.

(6) Question. There are 12 overseas markets in which sales exceed $1 billion. Taiwan is one of them. Might not Taiwan decide to purchase large quantities of wheat, corn, and sorghum from alternative suppliers such as South Africa, Australia, and Argentina?

Answer. The U.S. is a steady and reliable supplier of food and other agricultural raw materials, such as cotton, to Taiwan. The U.S. supplies over 80 percent of Taiwan's imports of wheat, corn, and sorghum. This pattern should continue, based on long-term contracts, lasting until mid-1986, calling for shipments over the period of 17 million tons of corn, soybeans, wheat, sorghum, and barley. It can be reasonably predicted that our agricultural shipments to Taiwan over the foreseeable future will grow rather than shrink.

[During the hearing of May 3, 1982, Senator Helms requested that Deputy Assistant Secretary Shoesmith review and supply his assessment of a statement submitted by Mr. William Dishman, a farmer from Idaho. The statement of Mr. Dishman and Deputy Assistant Secretary Shoesmith's comments follow:]

STATEMENT OF WILLIAM DISHMAN, IDAHO

AMENDMENT OF FOOD FOR PEACE PROGRAM (P.L. 480)

The original intent of the Agricultural Trade Development and Assistance Act (otherwise known as "Food for Peace" or P.L. 480) was to: (1) develop markets for U.S. agricultural commodities by temporarily providing very favorable terms of purchase or outright grants in order that underdeveloped countries could develop into permanent cash trading partners; (2) move stocks of excess grains; and (3) provide for the stabilization of the general economies of underdeveloped friendly countries.

Since its enactment in 1954, P.L. 480 has been one of the diplomatic means of reward and punishment, granted or withdrawn by our government, mostly for foreign policy reasons. Its use in this manner has often disrupted the establishment of long-term cash markets, one of its primary goals.

The Administration has formally proposed to change the status of the People's Republic of China to reclassify it as a "friendly" country. This would make it eligible for assistance under the Food for Peace Program (P.L. 480). There are several factors that I, as a farmer, think need to be considered.

1. China is not a starving country. Its diet, while not the best in the world, is certainly not the worst. Thus, there is no humanitarian reason for providing subsidized food and fibre aid to the PRC.

2. China is already a cash customer. They purchase some 40 percent of all our wheat going to Asia. They pay cash. Why move a cash customer to a credit one? This would be a reversal of the philosophy of P.L. 480, which is to move from subsidized to commercial markets.

3. China has not asked for P.L. 480 credit. They already have $30 billion of credit available, but have utilized only $150 to $200 million of that, a self-discipline that this country might well copy. Debt service has been a problem for their economy. Repayment of their debt to the Soviet Union has been a painful experience, and is one of the contributing factors in their split. Debt has often been hard on friendships.

4. Our relationship with China has improved and we as farmers are now (along with the Foreign Agriculture Service) setting up model bakeries, training personnel, trying to overcome seed-borne disease, like TCK smut, so that the market can be expanded. We are also aware that this improvement in relations with China may not be permanent. If it is not, then it will not be in our best interest to have a large debt owed our country by China—as we have seen in Poland. It may not be in our best interests for the U.S. agriculture production system to expand only to see future political decisions adversely affect that market, as we have seen in the Soviet Union, which has resulted in our oversupply problems at the present time.

It is my opinion, and one held by many of my fellow farmers, that the need to develop the China market is being met, that true market effects are best reflected by cash transactions, and that our country's need for cash, improvement in our balance of payments, and sound fiscal policy should be the major consideration in this decision. I believe that it is also important to allow the U.S.-China relationship to mature to understand what its long-term nature may be. If needs or situations change, then this matter could be reexamined at that time.

If our real need at the present time is to reinforce our desire for a more friendly relationship with China, then there are other means of doing so.

First, let me point out that while China imported approximately 323 million bushels of grain from us last year, it was sold below the cost of production, and some American farmers lost between $1 and $2 per bushel. This amounts to a contribution by some 500,000 commercial farmers of some $325 to $650 million to the Chinese people.

Second, there are more fruitful ways of developing a more mutually beneficial relationship. This can be done through exchange programs, people-to-people type programs. They need to learn how to increase production per man unit, but we need to learn how to conserve and care for our resources. We have tended to reduce soil productivity in 100 to 200 years, and recent rates are becoming serious. The Chinese

have farmed the same land for thousands of years without depleting their topsoil in the fashion we have.

For comparatively little investment in these types of programs, the long-term benefit will prove much more desirable than by extending credit at rates as low as 2 percent to the Chinese, while the American farmer is paying 13–20 percent on loans, plus an inflation penalty of 3–4 percent on costs.

Thank you.

[The following information was submitted by Secretary Shoesmith:]

COMMENT ON LETTER FROM IDAHO FARMER (MR. WILLIAM DISHMAN)

As we have made clear, we do not intend to initiate bilateral PL–480 programs for China. Rather, we seek to have our laws, in principle, treat China in the same manner as we treat other countries.

Should we decide in the future that PL–480 programs were in our national interest, we would consult fully with the Congress and would certainly take into account the kinds of points raised by the farmer. Naturally, we would not want to undercut an already important export market.

(SUBMITTED BY DR. RAY S. CLINE)

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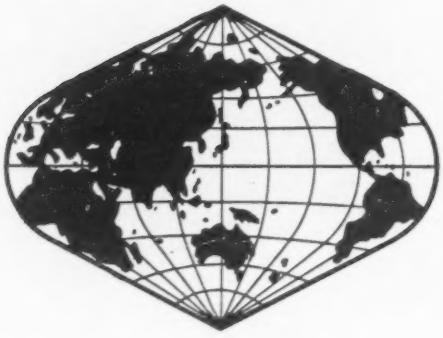

The Research Institute For International Affairs

THE COMMUNIST FIVE AND THE CAPITALIST TEN SOCIO-ECONOMIC SYSTEMS IN ASIA

RAY S. CLINE
and
MARJORIE W. CLINE

I

The New Year, 1982, greets Asian peoples under Communist domination with bleak prospects for the better life they all yearn to have. The People's Republic of China (PRC), the Democratic People's Republic of Korea, the Socialist Republic of Vietnam, the People's Republic of Kampuchea, and the Lao People's Democratic Republic are five failures. These are nations unable to meet the demands of their populations for security and a decent standard of living.

For years the Asian people have subsisted on promises and propaganda about the benefits their societies would reap from one-party Communist dictatorships, centrally planned command economies, and subordination of personality and thought to the discipline of the state. The result of this incentiveless, over bureaucratized life has not been prosperity and peace but poverty and local wars. Gradually the hardships, uncertainties, and brutalities have sapped the energies and spirits of the people in every Communist country in Asia.

After three decades there is a crisis of confidence in the Leninist-Stalinist political model in the People's Republic of China, whose leaders proclaim Soviet imperialism (hegemonism) to be the greatest peril to peace and stability in the world. Perhaps life would seem bearable if a bright model existed elsewhere, but the dreary, over centralized, highly militarized Soviet Union holds out little hope for its Asian imitators. The faltering Soviet military occupation of Afghanistan in December 1979 and the political tragedy in Poland two years later brought more and more bad news about the prospects of the lands of the hammer and sickle.

The best hope for these unfortunate nations lies in U.S. strategic influence with its pluralist political traditions and its consumer-oriented free enterprise economic trading system reasserting itself in East Asia. It is astonishing that after the ignominious American defeat and withdrawal from Vietnam, even the Southeast Asians who suffered the most from U.S. failures would like to see the Americans active again, not domineering but involved to prevent domination by either the Soviet Union or

the PRC.

The United States is widely perceived at the beginning of 1982 as exerting a stabilizing and civilizing force, bringing trade and prosperity, comporting itself in a comparatively benign way throughout East Asia. Even former enemies are disposed to welcome the American strategic presence and woo American help. This is very good news indeed and a comparatively recent development.

Something has happened in this part of the world in the six years since intervention by the United States in behalf of an independent non-Communist South Vietnam, and the humiliating abandonment of this goal. During this period the image of the United States has become a plus rather than a minus in international politics. The United States and its friends, the ten comparatively prosperous Asian-Pacific insular and peninsular states stretching in a seven-thousand-mile belt from Japan to New Zealand, at present simply look like political and economic success stories in contrast with the poverty in and constant conflict between the five Communist East Asian states.

These fifteen nations are seldom thought of as forming two international clusters, developed during the turbulent and changeful years of the last three decades, yet they are interconnected in ways worth study.

The PRC is at loggerheads with the Soviet Union, and North Korea is frozen in mobilized military antagonism to the Republic of Korea in the South. Both Laos and Kampuchea are now under Hanoi's heavy military thumb, while Vietnam and the PRC fight a desultory war. The strategic dominoes, so scornfully dismissed as non-existent by liberal critics of the U.S. involvement in the VietnamWar, did in fact tumble in Laos and Cambodia. Thailand and Malaysia are apprehensive lest the fallout extend to their countryside where for decades Communist guerrillas have been trying to overthrow the governments.

All in all it is a depressing scene with Southeast Asia in the worst situation. The North Vietnamese who occupied South Vietnam in 1975 brutalized the people there as the pitiful flight of the boat people amply demonstrated. They set up a puppet Communist government in Laos, strengthened by the Soviet Union, under Prince Souphanouvong and have succeeded in doing the same in Kampuchea under a Marxist-Leninist People's Revolutionary Party with Heng Samrin as head of state in Phnom Penh. About 35 million Vietnamese, Lao, and Khmer people who wanted nothing to do with the austere Communist military dictatorship in North Vietnam have been brought into a semicolonial status under Hanoi's occupation. Several million died in the process.

The result is not good from anybody's viewpoint. All of the Indochina

peninsula is impoverished, hungry, and politically oppressed. The Chinese and Vietnamese who collaborated for 30 years to control this region and expel first the French and then the Americans have come to fighting each other, directly in organized battle on the Vietnam-China border in early 1979 as well as by proxy in Laos and Kampuchea all the time.

The colossal incompetence in managing the economies of all the Asian Communist countries and the debilitating ideological conflicts among them have sunk into the consciousness of most East Asians. They may not know what exactly is an ordinate or an inordinate fear of Communism, but they know—as even the Chinese Communists admit—that the Leninist-Maoist system of militarized bureaucratic government set up from North Korea to Kampuchea has brought much suffering and little economic progress. In their eyes this political model is so far by its own record a failure.

The territory the Communist Five occupy is about four million square miles, most of it on the Chinese mainland. All of the states except land-locked Laos are on the Pacific shoreline of East Asia. One billion one hundred million people live in this region, over a billion of them Chinese, the whole population amounting to one-fourth of all mankind. Great expectations were raised by Communist revolutions in these countries, where half the population is under 30 years of age. All of the resulting regimes have turned in dismal performances in their efforts to improve standards of living. What was only a while ago heralded as the wave of the future is still a sluggish backwater and swamp.

The whole North Korean-China mainland-Indochina experience has caused their political leaderships to lust for technology, investment funds, and trade with the United States and the countries once scorned as decadent, obsolete capitalist societies. The U.S. political and social views

TABLE 1. GNP AND PER CAPITA INCOME OF THE COMMUNIST FIVE, 1980

GNP		per capita income	
Country	(Bil. U.S. $)	Country	(U.S. $)
China (PRC)	274.0	Korea (North)	950.00
Korea (North)	17.0	Vietnam	290.00
Vietnam	16.0	China (PRC)	281.00
Laos	.3	Laos	89.00
Kampuchea	N/A	Kampuchea	N/A

*Sources differ on per capita income in the PRC, and the figure cited here may be high. For instance, the Chinese themselves states that their 1979 per capita income was U.S. $253.

Source: *The Asia 1982 Yearbook* (Hongkong: Far Eastern Economic Review, 1982), pp.8–9.

TABLE 2. TRADE WITH THE UNITED STATES, 1980

(in Mil. of U.S.$)

Country	Exports	Imports	Total
China (PRC)	1,056.00	4,131.00	5,187.00
Vietnam	—	1.20	1.20
Laos	.91	.22	1.13
Korea (North)	—	—	—
Kampuchea	—	—	—
			5,189.33

Source: *Direction of Trade Statistics Yearbook, 1981* (Washington, D.C.: International Monetary Fund, 1981), *passim*.

are still categorically condemned, but the rapidly increasing material achievements throughout non-Communist Asia are envied.

Vice Chairman of the Communist Party Deng Xiaoping himself, strong man of the PRC, testifies to the new conventional wisdom. He was purged twice (once in 1965 and again in 1976) for, according to his enemies, urging mainland China to take "the capitalist road" instead of the more ideological and egalitarian path of Mao Zedong. The term "capitalist road" is familiar throughout Asia as a result. Everyone cannot fail to note that Deng is pulling and hauling the PRC in an almost desperate effort to provide its one billion very poor citizens with pragmatic economic incentives to work. The present Premier Zhao Ziyang at the Fifth National People's Congress, held from November 30 to December 13, 1981 in Peking, rubber-stamped Deng's economic program and promised to carry it on with "firm faith in the socialist system."[1] The Chinese goal is to expand trade with the United States and its relatively prosperous allies, and even to try to catch up with Taiwan, the Chinese society that has become a newly industrializing country with a high economic growth rate and a standard of living approximately ten times that of the PRC.

II

Asians know, in other words, what many Americans have not yet focused on, that the "capitalist road" nations of East Asia and the West Pacific are built on a model that works. They foreshadow the wave of the future for a meeting of East and West—not the failed Marxist-Leninist model emulated in Peking, Pyongyang, and Hanoi.

[1] Premier Zhao Ziyang's speech to the Fourth Session, Fifth National People's Congress, broadcast by Beijing Domestic Service in Mandarin, 2 December 1981, as reported by Foreign Broadcast Information Service (FBIS), 3 December 1981, Vol. I, No. 232, p. K2.

The good news, then, should be more widely understood in the United States. In the past five years a new spirit of confidence, greater political stability, and remarkably dynamic growth have developed in the belt of ten prosperous Asian-Pacific nations, once derided in Peking and now given the flattery of envy. Their expanding prosperity and trade make bright spots in this gloomy world.

The Pacific Ten are now sometimes described as an emerging Pacific Community. It is a useful term for Japan, South Korea, and Taiwan (the Northwest Pacific triangle); the Philippines, Indonesia, Singapore, Malaysia, and Thailand, the Association of Southeast Asian Nations (the ASEAN central arch); and Australia and New Zealand (the South Pacific anchor).

What suddenly is becoming obvious is that so many Asian nations are modernizing their societies successfully, each in a cordial association with the United States, while avoiding the disasters of their Communist neighbors and actually beginning to control and stabilize the conflicts that still threaten violence and war in East Asia.

The pattern is only now emerging. The Pacific Community of Ten, a very loose grouping of diverse peoples, is seldom thought of as a strategic unit. Nonetheless its existence is a valuable asset of the international trading world, with which the United States is now so interdependent. This world is a voluntary coalition of politically and economically pluralist societies that in the past thirty years have gradually formed an association of some kind with the United States in defense of the security and economic self-interest of the seafaring, preeminently trade-oriented nations that used to be called the free world.

Whatever may be the state of mind and morale elsewhere in this free world, the Pacific Community countries have an increasing consciousness of identity of strategic interest with one another and with the United States that seems not unlike the spirit of the Atlantic Community after the end of World War II—when there was no NATO, no European Economic Community, only a wish to rebuild European societies and avoid military domination or political intervention by the Soviet Union. Whether this spirit develops further or remains in its present nascent stage, it is a new and encouraging factor in world geopolitics.

This Pacific Ten collectively constitute a significant grouping of international power. Australia is a continent of almost 3 million square miles, thinly populated but endowed with enormous natural resources. It borders on the Indian Ocean as well as on the Pacific. All of the island states enclose or lie on large and strategically important seaways. Indonesia is an archipelago with three-quarters of a million square miles of land

and an enormous domain of surrounding territorial waters. Even tiny Singapore borders on the gateway between the Indian and Pacific Oceans—the Strait of Malacca. The three peninsular countries, Thailand, Malaysia, and South Korea, are not small by European standards. The total territory encompassed in this vast ocean area of ten nations is considerably larger than either the United States or China—nearly four and one-half million square miles.

TABLE 3. TERRITORY AND POPULATION OF THE PACIFIC TEN

TERRITORY		POPULATION	
Country	(Sq. miles)	Country	(thousand)
Australia	2,970,000	Indonesia*	149,400
Indonesia	736,000	Japan	117,800
Thailand	198,000	Phillippines	48,900
Japan	143,000	Thailand	48,600
Malaysia	128,400	South Korea	38,900
Phillippines	116,000	Taiwan	18,200
New Zealand	103,736	Australia	14,800
South Korea	38,000	Malaysia	14,300
Taiwan	13,892	New Zealand	3,100
Singapore	225	Singapore	2,400
Total	4,447,253	Total	456,400

* It includes E. Timor and Irian Java.

Source: *The World Factbook, 1981* (Washington, D.C.: National Foreign Assessment Center, CIA, April 1981), *passim;* Information on Taiwan from *China Yearbook, 1980* (Taipei: China Publishing Co., 1980), p. 136; Population figures from *The Asia 1982 Yearbook, op. cit.*, pp. 8–9.

In terms of population Indonesia is a very large state, the fifth greatest in the world at about 150 million. Japan has the seventh largest population in the world, about 118 million. Thailand, the Philippines, and South Korea are all among the 20 most populous nations. All together the Pacific Ten as of 1981 provided living space for more than 456 million people—twice the number in the United States. Only China and India have larger populations.

The magnitude of this region and its recent economic achievements have been little noted in the United States. There is also a serious cultural lag in appreciating the extraordinary leap into modernity made by these Asian and Pacific peoples in recent years. Americans are by political tradition, as well as ethnic and cultural ties, more inclined to look east across the Atlantic than west across the much larger Pacific. While we have not been paying much attention, the Pacific Community has emerged as an international reality. Its ten nations have created a regional

economic strength bearing comparison with the United States, West Europe, or the Soviet Union. They have enjoyed for many years remarkably high rates of annual economic growth, much higher in recent years than in most other parts of the international trading world.

The phenomenal industrial development of Japan, South Korea, and Taiwan has been accompanied by rapid development of the abundant raw material resources—oil, uranium, iron ore, tin, rubber, timber, palm oil, and foodstuffs—of Southeast Asia, Australia, and New Zealand. The interconnections and long-range business commitments among these economies are beginning to be as complex and sophisticated as those of Europe. Multinational investments, bilateral trade and banking arrangements, and increasing contracts between regional institutions, enterprising businessmen, and government planners are creating growing regional interdependence as well as multiple links with the United States.

The result is that in 1980, the last year for which reliable statistics for all the countries are available, the GNP (Gross National Product) of the Pacific Ten was more than 1.8 trillion in U.S. dollars at 1980 market prices.

TABLE 4. GNP AND PER CAPITA INCOME OF THE PACIFIC TEN

GNP		per capita income	
Country	(Bil. U.S. $)	Country	(U.S. $)
Japan	1,397.0	Australia	9,580.00
Australia	140.1	Japan	8,887.00
Indonesia	66.8	New Zealand	6,899.00
South Korea	59.3	Singapore	3,410.00
Philippines	35.4	Taiwan	2,720.00
Thailand	32.9	Malaysia	1,783.00
Taiwan	32.3	South Korea	1,553.00
Singapore	24.0	Philippines	732.00
Malaysia	23.7	Thailand	708.00
New Zealand	21.4	Indonesia	439.00

Source: *The Asia 1982 Yearbook, op. cit.*, pp. 8–9.

Furthermore, these goods and services are produced in entrepreneurial economic systems with a strong vested interest in trade. Total trade of the Pacific Ten with the United States amounted to nearly U.S. $109 billion in 1980, about one-fifth of their world trade, which reached U.S. $542 billion in the same year. A great deal of the world trade is in commodities needed in the advanced industrial nations of Europe as well as in the United States. It is obvious that this regional economic cluster of power in Asia is a major factor in the international trading world of goods and capital flows.

TABLE 5. TRADE WITH THE UNITED STATES, 1980

(in Mil. of U.S.$)

Country	Exports	Imports	Total
Japan	31,905	24,567	56,472
Taiwan	7,500	5,500	13,000
South Korea	4,624	4,890	9,514
Australia	2,579	4,410	6,989
Indonesia	4,605	1,613	6,218
Singapore	2,424	3,389	5,813
Malaysia	2,117	1,633	3,750
Philippines	1,583	1,934	3,517
Thailand	795	1,361	2,156
New Zealand	720	768	1,488
TOTAL	58,852	50,065	108,917

Source: *Direction of Trade Statistics Yearbook, 1981,* except for Taiwan. Its trade with the United States was calculated from estimates given in *The Asia 1982 Yearbook.*

III

The Pacific Community nations, and in particular ASEAN members, all consciously and firmly limit their avowed common purposes to regional economic goals. Nevertheless, the extent and frequency of consultation and informal cooperation among them is staggering in view of their divergent ethnic, religious, and political backgrounds. Security issues may not be on the agenda of ASEAN meetings, but they certainly come up for full examination in the corridor talks among the Southeast Asians as well as with the Northwest Pacific and South Pacific states.

In fact, it is possible to note in the past few years substantially increased sophistication about strategic concepts and great power ambitions. This more acute realism derives in part from the fact that most of these ten countries have crucial bilateral security arrangements with the United States. Taiwan, South Korea, Japan, the Philippines, Australia, and New Zealand all have formal American treaties or legally binding commitments. Thailand has had for many years and still relies on vague but credible U.S. assurances of assistance in the event of attack from Vietnam.

The other three ASEAN governments—Indonesia, Malaysia, and Singapore—are increasingly aware that it is American military power that guarantees the safety of the sealanes along which all Pacific Community trade passes, including the oil tankers plying to and from the Indian Ocean. This enormous traffic mostly moves via one of the world's most important strategic ocean passages, the Strait of Malacca, lying between Singapore and Malaysia on one side and Indonesia on the other.

The alternate routes are all through the Indonesian Archipelago. The vital oil traffic from the Persian Gulf to Japan alone automatically raises questions of security of the seas.

ASEAN officials quickly reveal deep concern over the presence of Soviet naval forces at the great American built base facility, Cam Ranh Bay, in Vietnam as well as the use of Vietnamese air bases by long-range Soviet military aircraft on logistic and intelligence reconnaissance missions. They also readily acknowledge that Soviet intrusion in the South China Sea constitutes a tacit Soviet threat in the Pacific.

Even the Japanese often speak in these terms to other members of the Pacific Community group of nations, something they never did two or three years ago. On their minds are not only the Soviet presence in Vietnam but also the division of Soviet ground forces on the disputed Northern Islands, a few miles from Hokkaido; the substantial Soviet navy on patrol in the Northwest Pacific; and recently, the modern intermediate range SS-20 missiles and Backfire bombers deployed in the Soviet Far East.

The Soviet entry into the South China Sea accompanied, and probably was caused by, the shifting great power alignments in the fall and winter of 1978, when Japan and the United States resumed diplomatic relations with the PRC, the main regional and ideological antagonist of the Soviet Union. After the Japanese move toward China in August and just before the American announcement of normalization of relations with Peking in Decembar, Moscow signed a Friendship Treaty with strong security commitments to Hanoi.

Ten days after the Joint U.S.-PRC Communique, Vietnam attacked China's Communist client regime in Kampuchea. Early in 1979 the PRC attacked Vietnam "to teach a lesson," as Deng Xiaoping explained. The proxy war between Moscow and Peking has been going on in Southeast Asia ever since. The stalemate and discontent pervade the atmosphere. Nobody is winning this war. The PRC can scarcely afford it, and Vietnam can only do so with large infusions of somewhat unwelcome Soviet aid. The Khmer would really like to get rid of both Chinese and Vietnamese puppet governments.

The ASEAN states, including Thailand, whose leaders have facilitated Chinese support of Khmer Rouge resistance since 1978, desire to see a compromised political settlement of the conflict. What they want is to free the area from domination by either Vietnamese or Chinese Communists. They also hope for a reduction of Soviet influence in Vietnam—now stemming from U.S. 3 to 6 million dollars a day of indispensable military assistance.[2]

[2] *The Asia 1982 Yearbook*, p. 21.

The ASEAN countries all differ on their ideas of an acceptable resolution of the Kampuchean crisis. Indonesia and Malaysia are more inclined to negotiate in some sympathy with Hanoi, while Thailand and Singapore consult Peking and resist consolidation of Vietnamese control in Kampuchea.

Most Southeast Asian leaders feel, however, that the missing ingredient for peace is a solid U.S. guarantee for Thailand against Vietnamese attack, accompanied by U.S. diplomatic pressure on Moscow and Peking to live and let live in Southeast Asia, plus U.S. support for a coalition government in Kampuchea. They also agree that only the United States can do what is needed and that American support of ASEAN initiatives is indispensable for peace in Indochina. Finally, everyone hopes the United States will counter the Soviet threat in the Pacific generally. The ASEAN countries hope the Reagan Administration in Washington will get around to doing all these things.

Some of these nations are nonaligned, but they all know their strategic interests lie within the emerging Pacific Community and with the United States. If the era of Vietnam guilt is ending in the United States, it is high time. Hostility toward Americans has dissipated long since in the region where the real damage occurred, most of it after the U.S. withdrawal rather than because of U.S. intervention. Substantial American participation is coping with the Pacific Community's national and regional problem , if it is discreet and reasonable, is now again thinkable, even sought after. Some day disenchantment with the doctrinaire Communist and a yearning for the better life evident in the capitalist trading nations of the Pacific will bring about a stabilizing political fix in East Asia.

The name of an old friend of the United States, the mercuric Prince Norodom Sihanouk, is surfacing again. He blows hot and cold, but he is being suggested as a paramount leader in Kampuchea by his present protectors in North Korea and his former patrons in the PRC. In this weird political landscape the arrival of a royal figure might just permit cooperation of the warring Communist factions under his aegis. In addition Sihanouk possibly could bring into a coalition former Khmer Rouge President Khieu Samphan and former Prime Minister Son Sann, who is leading a guerrilla war against both Pol Pot and Heng Samrin. Much depends upon the negotiating skills of ASEAN leaders and the understanding of psychological and political trends in the area by the Reagan Administration. It will be a severe test but it may prove to be a milestone triumph for the President. If so, the new spirit in the emerging Pacific Community will be what makes it happen.

Strangely enough nearly all of the Asian parties to the Kampuchean

quarrel are leaning toward getting the United States involved. Even the Vietnamese would like to normalize relations with Washington in hope of reaping some economic benefits. The truth is the Southeast Asians all trust Americans more than they trust the Russians, or the Chinese, or for that matter, the Japanese, the other major international actor in the region. At least they mistrust the Americans less. This attitude may not reflect real affection, but it is as close to it as one usually gets in international geopolitics. Americans may not be loved, but they are wanted as participants in stabilizing efforts in Kampuchea, a key state whose equilibrium would strengthen non-Communist elements in Thailand, Laos, and even Vietnam.

Joining in this sentiment that leans toward consultation and cooperation with the United States are certainly our ANZUS treaty partners—Australia and New Zealand—with their European-American cultural ties, their complete dependence on sealane security, their primary interest in trade, and their current conservative political leadership. Friendly cooperation in Pacific matters can easily be established—in many ways already exists—between Washington on the one side and Canberra and Wellington on the other. The anchor of the Pacific Community is firmly emplaced in the South Pacific.

As for the strategic triangle in the Northwest Pacific, the wish for a strong U.S. presence is even more deeply felt. Reasonable and helpful American military, economic, and geopolitical moves in this region will be eagerly welcomed. Japan, South Korea, and Taiwan all feel strategically dependent on the United States. They would all be devastated if they thought either the Soviet Union or the PRC would become the dominant regional power.

Japan is an economic giant—with a GNP at almost U.S. $1.5 trillion as of 1981, after the United States and the USSR, the third greatest producer of goods and services in the world. Yet Japan devotes only one percent of its GNP to military expenditures and has developed only minimal armed forces, designed exclusively for defense. The U.S. commitment to the security of Japan is absolutely indispensable. The Japanese know the United States has a U.S. $2.6 trillion economy and spends five percent of its GNP on military strength. So long as Washington springs no strategic shocks and preserves Japan's freedom to produce and trade, Tokyo will want the United States active in the West Pacific. Probably Japan will, in due course, increase the forces dedicated to defense of the home islands and home waters. Any augmentation of its naval and air effort automatically frees U.S. forces for more flexible deployments in other Pacific regions or even into the Indian Ocean.

Most Japanese fully appreciate the benefits brought by a benevolent U.S. military occupation after World War II and many years of voluntary cooperation under the protective umbrella of the U.S.-Japan Mutual Defense Treaty. As in the case of West Germany in Europe, the alliance of Japan with the United States in the Pacific is a pivotal geopolitical fact of late twentieth-century life. It is crucial to build on this relationship and for Tokyo and Washington to strengthen the Pacific Community as a whole.

If Japan is inevitably the indispensable northern bastion of the West Pacific chain of states anchored at the southern end by Australia and New Zealand, the Korean peninsula remains—as the Japanese have always said—a strategic dagger pointed at the heart of Japan. The security and stability of the Republic of Korea, which has occupied the southern half of the peninsula since it was divided in 1945, are permanently interlinked with the viability of Japan as an ally of the United States.

South Korea is at a delicate point now in an effort to achieve a new level of political stability under its capable new President Chun Doo Hwan, an army officer until his election. As President his highest priority is to see that no opportunity is provided for the 700,000-man military force of Soviet-armed North Korean Communists to conquer the South, as their Oriental Stalinist style leader, Kim Il-song, has threatened to do for several decades. The 600,000-man South Korean army is a counter to this threat so long as it is backed up by U.S. military strength, particularly in the air and at sea. South Korea is also, in its own right, one of the major strategic military elements in the Pacific cluster of countries and a valuable supplement to the American military presence in the area.

President Chun states clearly and forcefully that he must achieve security, political stability, economic growth, and social justice, in that order. He fully understands that the American alliance is essential to his first prerequisite, security. His visit to Washington in February 1981 as the first foreign chief of state to confer with President Reagan consolidated U.S.-Korean ties and gave a critical boost to the emerging trend of the whole Pacific Community toward closer cooperation with the United States. Keeping peace and stability in the Korean peninsula is a paramount strategic necessity not only for Seoul but also for Washington and Tokyo. Cooperation and consultation within the whole Pacific Community context will help immeasurably in the process.

The biggest cloud on the Pacific horizon may be the recently renewed clamor from Peking about the right of the PRC to exercise political control over the free Chinese society on Taiwan, using military force if necessary. For 30 years the Chinese Communists have claimed this right

in principle, although they have failed in every effort to conquer Taiwan and, in fact, have never controlled the island.

The Chinese authorities in Taipei, the constitutional legatees of the Republic of China established in 1911, have governed Taiwan since 1949 and stoutly resist efforts to incorporate the island and its population in the PRC. Taiwan maintains a half-million well-trained men under arms and hews to the American alliance under which it has survived and prospered. With U.S. economic aid, ended by mutual agreement in the mid-1960s, Taiwan rapidly absorbed American technology, reached the take-off stage industrially, and by 1980 brought per capita income for its people to a level of over U.S. $ 2,700, as compared with U.S. $ 281 for the PRC.

The economy of Taiwan is the irrefutable demonstration, along with Singapore and Hong Kong, that Chinese societies can forge ahead rapidly in economic development. The fact that it is a free enterprise system is a constant reproach to the PRC, where standards of living have not lifted much if any above levels of 25 years ago.

Because of the threat from the mainland, the Republic of China on Taiwan remains under a comparatively restricted kind of martial law, and it has an indirect method of elections at the presidential level. Nevertheless it has held direct popular elections for most of the governing institutions that mainly touch people's lives—the local councils and the Taiwan provincial legislature. It is an open society with an emerging democracy as well as a miracle economy.

A competent and popular President, Chiang Ching-kuo, the 70-year-old son of the late Chiang Kai-shek, is steering his robust Chinese state of 18 million citizens firmly in the direction of steadfast alliance with the United States and participation in the international trading system of the West Pacific and the free world.

On behalf of the Republic of China, President Chiang has made clear that unification with the mainland can come only when freer economic and political processes than now exist come into being in the PRC. He has welcomed continuing security guarantees from the United States provided in the Taiwan Relations Act of 1979 and always says that, in case of any war in the Pacific, Taiwan bases and facilities are available to U.S. forces.

Unless the PRC takes the unlikely and foolhardy step of attempting the military conquest of Taiwan, the Republic of China will go on providing the third point of the Northwest Pacific triangle, protecting Japan and the sealanes leading from Korea and Japan to the South China Sea. Thus it is certain to be a central component in the emerging Pacific Community of trading and seagoing nations.

Taiwan also provides the geographical and strategic link with the Philippines, the northernmost of the ASEAN states, thus welding together the Northwest Pacific triangle with the ASEAN central arch. The Philippines is the main base for U.S. naval and air power in the West Pacific. It is the oldest outpost of American influence in East Asia. With the Philippines, only about 200 miles to the south, Taiwan holds a position of great strength at the middle of the strategic belt of states constituted by the Pacific Ten.

If the favorable trends in the emerging Pacific Community persist and grow, the balance of power will shift in a direction advantageous to the United States. This requires that the PRC be deterred from attacking Taiwan, that North Korea be deterred from attacking the Republic of Korea, and that the ASEAN states submerge their differences to work with the United States in patching together a peaceful and stable compromise in Kampuchea. The chances are fair to good. Extraordinarily efficient and farsighted leaders in East Asia-men like Chiang Ching-kuo of the Republic of China, Chun Doo Hwan of the Republic of Korea, and Lee Kuan-yew of the Republic of Singapore—are thinking along these lines. If their luck holds and they continue to cooperate with one another, the Pacific Ten can turn East Asia into a zone of stability, beckoning to the Communist Five to turn gradually toward the open societies. It is good news and something to work toward for President Reagan for the American people, and for all our allies in the free world.